

**The Role of Interorganisational
Networks in Foreign Market
Exploitation by SMEs:
A Case Study of Thailand's
Food Sector**

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**A Dissertation
Submitted in Fulfilment of the
Requirements for the Degree of
Doctor of Philosophy**

**Kingston Business School
Kingston University
November 2018**

Abstract

This research aims to investigate the role of interorganisational networks in foreign market identification and exploitation by small and medium enterprises (SMEs) in Thailand. This research was undertaken because of the role of SMEs and exports in the Thai economy, coupled with a poor understanding in the literature regarding the extent to which Thai SMEs engage in export-led trade facilitated by interorganisational networks and shared resources. The research focuses on interorganisational networks of food industry SMEs. The theoretical basis of the research was established in models of internationalisation for SMEs and knowledge about the role of interorganisational networks in foreign market exploitation.

The methodology involves longitudinal case studies, based on multiple interviews with 15 SMEs and two network partners. The cases analyse their current export situation, the role of network partners, including government institutions and programmes, changes in their trade position and role of interorganisational partners.

Theoretically the research showed no single pattern of SME exporting. For example, while about 53% of firms seemed to follow the ‘Uppsala model’ of learning and gradual internationalisation, the other 47% were new exporting firms or so-called ‘born global’ firms. However, firms did share a number of similarities. For example, many were, at least initially, dependent on the Department of International Trade Promotion (DITP) and their trade fairs and other subsidised promotional activities to make initial contact with customers. Customers and commercial banks were also highly important network trade partners, although government banks such as EXIM Bank were less important. Most firms showed a reduction in reliance on government partners over time, as their customer base grew and relationships developed. The conclusion of this study is that the pattern of SME’s foreign market identification and exploitation is dependent on the assistance of interorganisational network partners. These partners provide different types of assistance depending on the stage of export development, from offering initial assistance with international market entry through trade shows and expos to assisting with technical development and quality control for firms refining and expanding their export markets. Ultimately, however, the analysis shows that SME export success is dependent on both their own efforts and their effective use of available partner assistance.

Declaration

“I declare that this dissertation is all my own work and the sources of information and material I have used (including the Internet) have been fully identified and properly acknowledged as required.”

Acknowledgements

This research would not have been possible without the assistance, guidance and support of many people around me. I would first like to thank my Director of Studies, Professor Robert Blackburn, and my second supervisor, Professor David Smallbone. These two have offered me academic support and provided critical insights and guidance into my work, ensuring I met all the requirements for the project, and pushed me to make this research the best I am capable of. They also provided me with the benefit of their knowledge and experience when selecting a topic and designing and conducting the study and analysing the results. Without this assistance, I could not have effectively completed this thesis. I would also like to thank my tutors, lecturers and others who have guided me on my academic path. They have provided me not just with knowledge, but with a sense of enthusiasm and a desire to know more that I have inherited from them. While this research is the culmination of my academic experience to date, the path leading up to it was just as important, and those that helped me along my way were irreplaceable. My student peers, with whom I have shared struggles and triumphs, also contributed to the successful complete of this project. Finally, I would like to thank my family and friends. My family has always supported and believed in me, providing me unconditional love and allowing me to follow this dream. To everyone mentioned here, thank you for helping me in this endeavour.

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List of Abbreviations

ADFIAP	Association of Development Financing Institutions in Asia and the Pacific
AEC	ASEAN Economic Community
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ATSME	Association for the Promotion of Thai Small and Medium Entrepreneurs
BOI	Board of Investment
BRC	British Retailer Consortium
CEO	Chief Executive Officer
DBD	Department of Business Development
DFT	Department of Foreign Trade
DITP	Department of International Trade Promotion
DIP	Department of Industrial Promotion
DPIM	Department of Primary Industries and Mines
EU	European Union
EXIM Bank	Export-Import Bank of Thailand
FTI	The Federation of Thai Industries
GDP	Gross Domestic Product
GMP	Good Manufacturing Practice
HACCP	Hazard Analysis and Critical Control Point
HR	Human Resource
HRD	Human Resource Development
IONs	International Interorganisational Networks
IM	Instant Messenger
I-model	Innovation-related Model
ISO	International Organization for Standardization
LC	Letter of Credit
LE	Large Enterprise
ME	Medium Enterprise
MIT	Made in Thailand
MOU	Memorandum of Understanding
NFI	National Food Institute
NGO	Non-Governmental Organisation
NIA	The National Innovation Agency
NOP	National Organic Program
OECD	Organisation for Economic Co-operation and Development
OEM	Original Equipment Manufacturer
OSMEP	Office of Small and Medium Enterprises Promotion
OTOP	One Tambon (meaning sub-district) One Product
PhD	Doctor of Philosophy
PR	Public Relations
QA	Quality Assurance
RBV	Resource Based View
R&D	Research and Development
SAO	Samut Prakan Subdistrict Administrative Organisation

SE	Small Enterprise
SME	Small and Medium Sized Enterprise
TFC	The Thai Food Cluster
TT	Telegraphic Transfer
UK	The United Kingdom
U-model	Uppsala Internationalisation Model
US	The United States of America
WAM	The Winning for ASEAN Market

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CHAPTER ONE: INTRODUCTION TO THE STUDY

1.1 Background

1.1.1 Rationale for the Research

International trade is an important contributor to economic growth in many countries. Trade is not limited by national boundaries. Rather, it is conducted across borders due to trade and investment liberalisation (International Monetary Fund, 2001; Feenstra, 2015). Firms also have increasing access to foreign markets because of developments in transport and communications (Perner, 2011) and in communication through the Internet (Petersen, Welch and Leisch, 2002; Meijers, 2014). At the extreme, many firms are now “born global” or international new ventures, which begin international trading immediately on inception (Meijers, 2014). On the other hand, competition in local markets is also increasingly intense because foreign firms are able to enter those markets (Cedrola, 2005; Dau, 2012). Hence, doing business relying only on domestic markets is unlikely to be a suitable way for a growing number of companies in the long run. Foreign market entry allows companies to exploit market opportunities; therefore, it has become an important issue for a large number of organisations. According to International Monetary Fund (2001), there is significant evidence that more outward-oriented countries and enterprises are likely to grow faster than inward-oriented ones.

The capture of global market opportunities may not be very difficult for larger firms, but it could be challenging for SMEs (Small and Medium Sized Enterprises) especially those in developing countries. It is unlikely to be easy for SMEs to identify foreign markets and to exploit them, because they face numerous limitations such as the scarcity of resources and marketing problems (Tesfom and Lutz, 2006). SMEs also have limited resources such as capital, management skills, information, knowledge and technology. For example, Hew and Loi (2004) claim that a lack of finance is recognised by SMEs as being the most considerable drawback with regard to business development. This has also been supported by later studies, for example one study that notes that over 90% of technology SMEs in China struggle with capital funding (Wang, You and Shao, 2014). This can restrict SMEs’ competence when it comes to accessing foreign market opportunities. SMEs may also have a deficiency of management skills, especially specialist management skills, because of their limited

ability to employ many managers and to offer less scope for exploiting the benefits of the managerial division of labour. In addition to a shortage of resources, SMEs face marketing and distribution problems (Tesfom and Lutz, 2006). Studies by Aulakh, Kotabe and Teege (2000) and Mesquita and Lazzarini (2008) provide further evidence that the resources of SMEs in developing countries are less than those in developed economies. In addition, they have few sources of competitive advantage in order to compete in foreign markets (Uhlenbruck, Meyer and Hitt, 2003; Tesfom and Lutz, 2006). Therefore, it is likely that SMEs, especially in developing countries, need to seek solutions to overcome the factors that threaten them and to overcome their weaknesses. This research addresses a gap in the academic literature surrounding the development of internationalisation strategies by SMEs. It focuses on a single sector and internationalisation mode – the Thai food export sector. In order to provide a better understanding, the significant characteristics of SMEs are summarised in the following section.

1.1.2 Characteristics of SMEs

Many scholars indicate a number of SME characteristics which may be different from the characteristics of larger firms (Storey, 2000; Hudson, Smart and Bourne, 2001; Tesfom and Lutz, 2006; Mesquita and Lazzarini, 2008; Mejri and Umemoto, 2010; Terziovski, 2010). These are as follows:

- Resource scarcity such as management, finance, marketing, information, knowledge, technology
- Reliance on a small number of customers
- Conducting business in limited markets
- Flat structure, and informal, dynamic strategies
- Personalised management with little decentralisation

Fenwick and Cieri (2004) reveal that many organisations, regardless of industry type, seek to participate in networks. In recent years, a significant growth of cooperation between organisations has been recognised as a means of relationship- building between organisations. Farinda et al. (2009) for example, claim that relationships within networks can provide a lot of benefits to participating organisations. They define creating and maintaining relationships with other businesses as “interorganisational networks”. Wever, Martens and Vandenbempt (2005) assert that

effective interorganisational networks can significantly affect a firm's performance and behaviour.

In the context of the research objectives, SMEs establishing network relationships could be an important factor in terms of their foreign market penetration. It has been argued that knowledge and resources could be obtained through networks (Seppo, 2007). Johanson and Mattsson (1988) suggest that in entering international markets, the success of a firm relies on its relationships within the current domestic and international markets. This position has been recognised by the Office of Small and Medium Enterprises Promotion of Thailand (2002) which suggests that creating such linkages is more important than ownership. The connection with large firms and multinational enterprises, also with SMEs themselves, and the promotion of clusters, are very necessary for increasing an SME's efficiency, and developing their strength in conducting business. Thus, this study needs to determine why some SMEs are able to enter foreign markets and exploit the market opportunities, while some cannot do so, even if they try. Therefore, how SMEs can identify and exploit foreign markets, and how interorganisational networks facilitate this ability, needs to be explored.

Despite considerable interest on the part of academics in examining the relationships between networks and internationalisation, very little has been studied in terms of the impact of networks on foreign market exploitation with regard to exporting SMEs. Although there are many studies which focus on the effects of networks on foreign market access, most of them concentrate on the effects of networks on entry mode choice and foreign market selection (Johanson and Vahlne, 1992; Coviello and Munro, 1997; Coviello and Martin, 1999; Moen, Gavlen and Endresen, 2004; Zain and Ng, 2006; Tolstoy and Agndal, 2010). Therefore, this leaves the study of foreign market exploitation and the processes involved in this activity relatively unexplored.

1.1.3 Theories of Exporting and Relevance to SMEs

There are a number of theories regarding exporting and the role of networks and networking of firms (Grandori, 2012). However, a search of the literature shows insufficient understanding of exporting as an internationalisation mode, especially given that most research has tended to focus on the internationalisation of large firms and in developed economies.

One of the dominant models in the internationalisation literature is the Uppsala model. Essentially, this model suggests that internationalisation begins with entry into “psychically close” markets (Johanson and Vahlne, 1977). However, many studies have criticised or developed the Uppsala model. For instance, Madsen and Servais (1997) address the point that firms’ entry into foreign markets is not associated with psychic distance. Moreover, Hooley, Loveridge and Wilson (1998) support the view that globalisation shortens the psychic distance. Therefore, psychically close distance seems to be less important for early entry into a new market. In addition, the literature tends to focus on the developed world (Porter, 1998; Peng, Wang and Jiang, 2008). Moreover, most industries chosen for these studies are technologically-intensive or knowledge-intensive ones, such as telecommunication, chemical, automotive and software industries (Grinstein, 2008). It is not at all clear that factors like market knowledge, or psychic distance, play a role in the exporting strategies of SMEs as an internationalisation tool, since these companies are not working directly within these countries or sectors. However, what may be more relevant is the role of networks of informal and formal relationships that exporting firms may utilise to enter export markets.

A number of studies have revealed that networks may impact differently on firms using different entry modes. For example, Zahra, Ireland and Hitt (2000) claim that high control modes of entry require proximity to a market and a firm’s customers that results in the approach to different information sources. Furthermore, different stages of internationalisation might require different network exploitation. Hadley and Wilson (2003) assert that firms in different stages of internationalisation have different levels of foreign institutional knowledge. However, whether this would be true for all SMEs exporting remains to be examined. In particular, it is not certain that exporting firms require high levels of institutional knowledge in their target countries, or whether they substitute network relationships and institutional knowledge in their home countries as a means of establishing an export network. This lack of understanding can once again be traced to limitations on understanding SME internationalisation strategies and empirical evidence. Therefore, for this research, exporting SMEs will be selected to investigate how the networks that they are part of are able to influence their foreign market exploitation during different stages of development.

1.2 Research Aim

The aim of this research is to investigate the role of interorganisational networks in terms of foreign market identification and exploitation by SMEs in Thailand. In particular, the research will seek to examine how the structural characteristics of Thai food SMEs' interorganisational networks affect foreign market identification and exploitation. The focus will be on the food industry which is one of the major industries in Thailand. This research seeks to fill a gap and build upon extant knowledge and theory. In spite of considerable research regarding the influence of networks on internationalisation among academics, the impact of networks on the foreign market exploitation on the part of exporting SMEs has barely been studied. Although there are many studies which focus on the effects of networks on foreign market access, most of these are interested in the effects of networks on entry mode choice and foreign market selection (Johanson and Vahlne, 1992; Coviello and Munro, 1997; Coviello and Martin, 1999; Moen, Gavlen and Endresen, 2004; Zain and Ng, 2006; Tolstoy and Agndal, 2010). Therefore, this leaves the study of foreign market exploitation and the processes involved in this activity relatively unexplored. The research questions were developed based on an analysis of gaps in the literature relating to the formation of interorganisational networks and how these networks influence the formation of export-based internationalisation strategies, as well as the effect of the structural characteristics of these networks on the firm's internationalisation experience. Thus, the first four opening research questions are:

1. What are Thailand's interorganisational network structural characteristics in the food industry?
2. What roles do interorganisational networks play in Thai food SMEs' identification and exploitation of foreign markets?
3. How do Thai food SMEs' interorganisational network structural characteristics affect SMEs' foreign market identification and exploitation?
4. How does the relationship between Thai food SMEs and their interorganisational networks change according to their extent of exporting?

Studying the role of interorganisational networks in Thai food SMEs' foreign market exploitation should also be useful for the industry and for Thailand's economy, and

should reflect Thai food SMEs' network structural characteristics. A final additional research question was developed to meet this goal:

5. What are the implications of the research for the theories of networking in foreign market exploitation?

1.3 Key Definitions and Scope of the Study

It is important for the researcher to define the key words associated with this study exactly, and also to explicitly specify the scope of the study. This study focuses on food SMEs in Thailand. Because of this focuses on production SMEs, internationalisation is primarily discussed within the context of exporting, rather than importing, foreign direct investment or other forms of internationalisation. This choice was made explicitly, in order to create a clear context for the study and to focus intently on a specific set of issues that SMEs face. Thus, the implications for public policy and firm operations relate primarily to exporting policy, rather than to other internationalisation policy aspects.

The definition of an SME has been adopted from the publication of the Office of Small and Medium Enterprises Promotion of Thailand (2011). An SME is defined as a firm with employees not exceeding 200 persons, or with fixed assets not exceeding 200 million Baht. Therefore, the current research will involve 15 case study firms which meet these conditions. Two types of enterprises including small sized and medium sized ones with equal number of each type will be examined. According to the Office of Small and Medium Enterprises Promotion of Thailand (2011), firms whose employees and fixed assets do not exceed 50 people and 50 million Baht respectively are defined as small sized enterprises, while medium sized enterprises are larger with 51-200 employees and fixed assets of more than 50 to 200 million Baht. The definition of an SME in Thailand will be more fully illustrated in Table 1.1 below. This study employs a qualitative approach and an interpretivistic philosophy to explore the views of owners and upper-level managers who take direct part in the decision making with regard to accessing foreign markets, export department managers, and participants from key industry bodies and network organisations. This was done through in-depth interviews in two phases over a 18 month period.

1.3.1 Definition of SME

The definition of SME varies among countries. There is no unanimously agreed SME definition (Katto, 2008) and every single definition is subject to criticism (Chittithaworn et al., 2011). Attributes such as the number of employees, business turnover, balance sheets, total assets and fixed assets are taken into account (European Commission, 2005; Forsman, 2005; The Office of Small and Medium Enterprises Promotion of Thailand, 2011; Small and Medium Enterprises Development Authority of Pakistan, 2007; Spring Singapore, 2011). Among these criteria, the number of employees and business turnover or assets are normally considered (Cocca and Alberti, 2010; Forsman, 2005; Katto, 2008).

1.3.1.1 Definition of SMEs in Thailand

The criteria for categorising SMEs, published by the Office of Small and Medium Enterprises Promotion of Thailand in 2002, set the guidelines for classifying SMEs as follows:

Table 1.1: Definition of SME in Thailand

Type of Enterprise	Small Sized		Medium Sized	
Type of Industry	Number of Employees	Fixed Assets (million Baht)	Number of Employees	Fixed Assets (million Baht)
Manufacturing	≤ 50	≤ 50	51-200	>50 -200
Wholesale	≤ 25	≤ 25	26-50	>50 -100
Retail	≤ 15	≤ 30	16-30	>30 -60
Service	≤ 50	≤ 50	51-200	>50 -200

Source: The Office of Small and Medium Enterprises Promotion of Thailand (2011a).

The guidelines cover the number of employees and the fixed assets of the enterprise under consideration. It is differently applied to various sectors including manufacturing, wholesale, retail and service. In general, the guidelines require manufacturing and service SMEs to employ no more than 200 employees. Moreover,

their fixed assets should not exceed 200 million Baht. However, the wholesale and retail sectors are different. They should employ no more than 50 and 30 employees, and their fixed assets should not exceed 100 million Baht and 60 million Baht respectively. The definition of SMEs in the manufacturing sector will be the concern of this dissertation.

The Office of Small and Medium Enterprises Promotion of Thailand (2011) has categorised SMEs into two groups including small sized and medium sized enterprises as follows:

- The medium sized enterprise employs 51-200 people, and its fixed assets are not more than 50 to 200 million Baht
- The small sized enterprise employs up to 50 employees, and its fixed assets do not exceed 50 million Baht

As can be seen, the SME definition in Thailand depends on the industry category and is determined by the number of employees and the value of fixed assets. The definition of SMEs proposed by the Office of Small and Medium Enterprises Promotion of Thailand (2011) has been adopted in this research.

In Asia-Pacific Economic Cooperation (APEC) countries, the definition of SMEs also varies; many attributes such as the number of employees, assets, revenue, annual turnover, annual sales, and capital are considered (Hall, 1995; The Ninth Session of the National People's Congress Standing Committee, 2003; Tsukahara, 2005; Statistics Canada, 2008; Ababa and Shimada, 2009; Jensen, 2009; Chamber of Commerce of the Philippines, Inc. , 2010; State Ministry of Cooperatives and Small and Medium Enterprises of Indonesia, 2010; U.S. Small Business Administration, 2010; SME Corp Malaysia, 2011; SPRING Singapore, 2011; The Small & Medium Business Administration of Korea, 2011). However, the most common attribute is based on the number of employees. SME definitions in APEC nations are presented in Table 1.2 as follows:

Table 1.2: SME Definitions in Selected Asia Pacific Economic Cooperation (APEC) Member Countries

Country	Sector	Employment	Other Measures
Australia		< 200 employees	< A\$200 million (assets)
Canada		< 500 employees	< \$50 million (revenue)
China	Varies with industry	≤ 2,000 employees, normally 100-500 employees	≤ CN¥300 million (annual turnover)
Indonesia			< RP10 billion (annual sales)
Japan	Manufacturing	< 300 employees	< ¥300 million (capital)
	Wholesaling	< 100 employees	< ¥100 million (capital)
	Retailing-services	< 50 employees	< ¥50 million (capital)
Korea	Manufacturing	< 300 employees	≤ \$8 million (capital)
	Services	< 200 employees	≤ \$20 million (sales)
Malaysia	Manufacturing	≤ 150 employees	≤ RM25 million (sales turnover)
	Services	≤ 50 employees	≤ RM5 million (sales turnover)
Philippines		< 200 employees	≤ P100 million (assets)
Singapore		≤ 200 employees	≤ S\$100 million (sales turnover)
USA	Manufacturing	≤ 500 employees	
	Services		≤ \$7 million (annual receipts)

Source: The Ninth Session of the National People's Congress Standing Committee (2003); Tsukahara (2005); Statistics Canada (2008); Ababa and Shimada (2009); Jensen (2009); Chamber of Commerce of the Philippines, Inc. (2010); State Ministry of Cooperatives and Small and Medium Enterprises of Indonesia (2010); U.S. Small Business Administration (2010); SME Corp Malaysia (2011); SPRING Singapore (2011); The Small & Medium Business Administration of Korea (2011)

1.4 The Importance of SMEs in Thailand

SMEs play an important role in the economic development of many countries. They make significant contributions to employment, output and entrepreneurship (Das, Shil and Pramanik, 2008; Memili et al., 2015). In 2010, SMEs accounted for 99.6 percent of total enterprises in Thailand (The Office of Small and Medium Enterprises Promotion of Thailand, 2011b) (see Table 1.3). In addition, SMEs perform an important role in terms of employment in Thailand. In fact, in 2010, SMEs accounted for 77.86 percent of the employment in Thailand (The Office of Small and Medium Enterprises Promotion of Thailand, 2011b) (see Table 1.4).

Thailand is also considered to be an export-dependent country. According to the Office of Small and Medium Enterprises Promotion of Thailand (2011c), the total export value accounted for 61.13 percent of GDP (Gross Domestic Product) in 2010 (see Table 1.6). Therefore, foreign market entry and exploitation are very important for Thailand's economy. However, SMEs' export value within this total is not substantial. Although there are a great number of SMEs in Thailand, the total export value of SMEs in 2010 represented only 28.4 percent of the country's total exports (The Office of Small and Medium Enterprises Promotion of Thailand, 2011c) (see Table 1.6) Thus, the study of how exporting SMEs exploit foreign markets, and how interorganisational networks facilitate this, can be used to reinforce SME exporting, with potential benefits for the national economy.

Table 1.3: Number of Enterprises in Thailand in 2010 Categorised by Size of Enterprise

Size of Enterprise	Number	Proportion of Total Enterprises
Small Enterprise (SE)	2,894,780	98.97
Medium Enterprise (ME)	18,387	0.63
Large Enterprise (LE)	9,140	0.31
SMEs	2,913,167	99.60

Size of Enterprise	Number	Proportion of Total Enterprises
Na.	2,605	0.09
Total	2,924,912	100.00

Source: National Statistical Office of Thailand, Social Security Office of Thailand, Department of Business Development of Thailand

Processed by the Office of Small and Medium Enterprises Promotion of Thailand (2011b).

At the end of 2010, there were over 2.9 million SMEs in Thailand, accounting for 99.6 percent of all enterprises. On the other hand, there were only around 9,000 large enterprises which accounted for only 0.31 percent of the total enterprises. In total, there were over 2.8 million small enterprises (SE) and approximately 18,000 medium enterprises (ME), making a total of over 2.9 million SMEs.

Table 1.4: Employment of Enterprises in Thailand in 2010 Categorised by Size of Enterprise

Size of Enterprise	Employment (persons)	Proportion of Total Enterprises	Proportion of SMEs
SE	9,005,265	66.72	85.70
ME	1,502,242	11.13	14.30
LE	2,988,581	22.14	-
SMEs	10,507,507	77.86	-
Na.	85	-	-
Total	13,496,173	100.00	-

Source: National Statistical Office of Thailand, Social Security Office of Thailand, Department of Business Development of Thailand

Processed by the Office of Small and Medium Enterprises Promotion of Thailand (2011b).

Table 1.5: Thailand's Export Values (2006- 2010) Categorised by Size of Enterprise

(Million Baht)

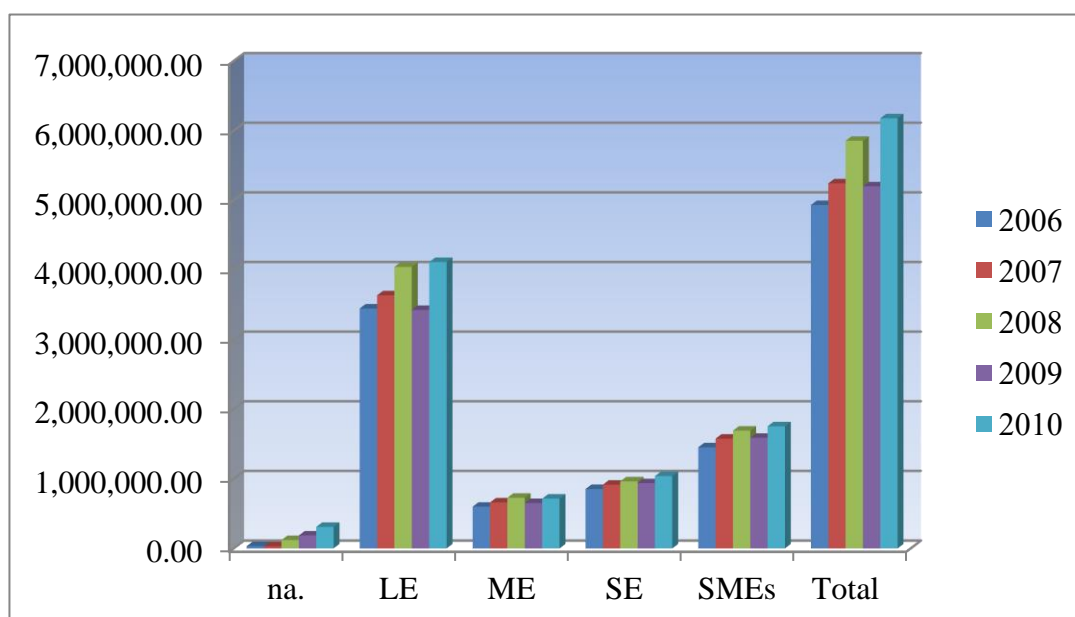
Year	2006	2007	2008	2009	2010	Growth 09/10
Small Enterprise (SE)	853,305.70	915,288.60	963,104.80	936,973.45	1,038,266.40	10.81%
Medium Enterprise (ME)	599,173.30	660,743.00	728,040.10	652,226.42	715,537.90	9.71%
Large Enterprise (LE)	3,445,619.10	3,634,414.40	4,042,799.40	3,424,579.36	4,112,900.58	20.10%
Na.	32,887.30	31,576.60	119,683.90	186,133.14	309,718.81	66.40%
SMEs	1,452,479.00	1,575,971.60	1,691,144.90	1,589,199.87	1,753,804.30	10.36%
Total	4,930,985.40	5,241,962.60	5,853,628.20	5,199,912.37	6,176,423.69	18.78%

Source: Customs Facilitation of Thailand

Processed by the Office of Small and Medium Enterprises Promotion of Thailand (2011c)

Figure 1.1: Thailand's Export Values (2006- 2010) Categorised by Size of Enterprise

(Million Baht)

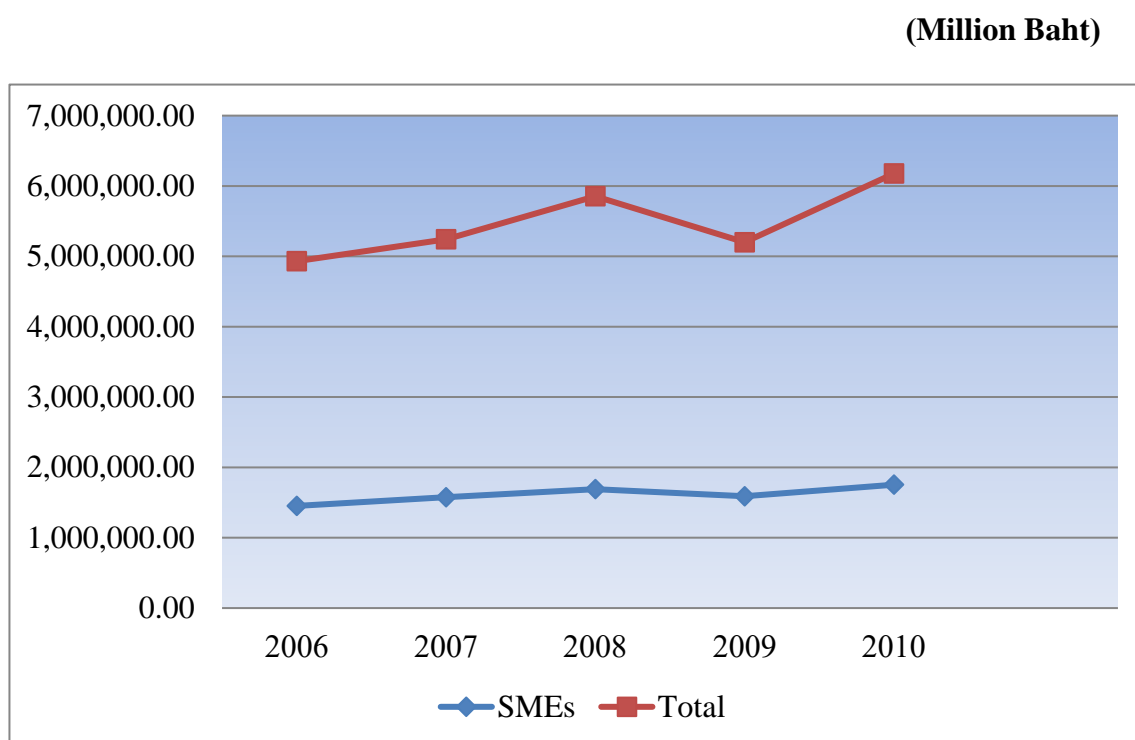


Source: Customs Facilitation of Thailand

Processed by the Office of Small and Medium Enterprises Promotion of Thailand

(2011c)

Figure 1.2: A Comparison of SME Export Values and Thailand's Total Export Values (2006-2010)



Source: Customs Facilitation of Thailand

Processed by the Office of Small and Medium Enterprises Promotion of Thailand

(2011c)

Table 1.6: Proportion of SME Exports with regard to Thailand's Total Exports and GDP

	2007	2008	2009	2010
Total Exports (Million Baht)	5,241,962.60	5,853,628.20	5,199,912.37	6,176,423.69
SME Exports (Million Baht)	1,575,971.60	1,691,144.90	1,589,199.87	1,753,804.30
GDP (Million Baht)	8,529,836.00	9,075,493.00	9,050,715.00	10,102,986.00
SME Exports: Thailand's Total Exports	30.06%	28.89%	30.56%	28.40%

	2007	2008	2009	2010
Thailand's Total Exports: GDP	61.45%	64.50%	57.45%	61.13%

Source: Customs Facilitation of Thailand/Office of the National Economic and Social Development Board of Thailand

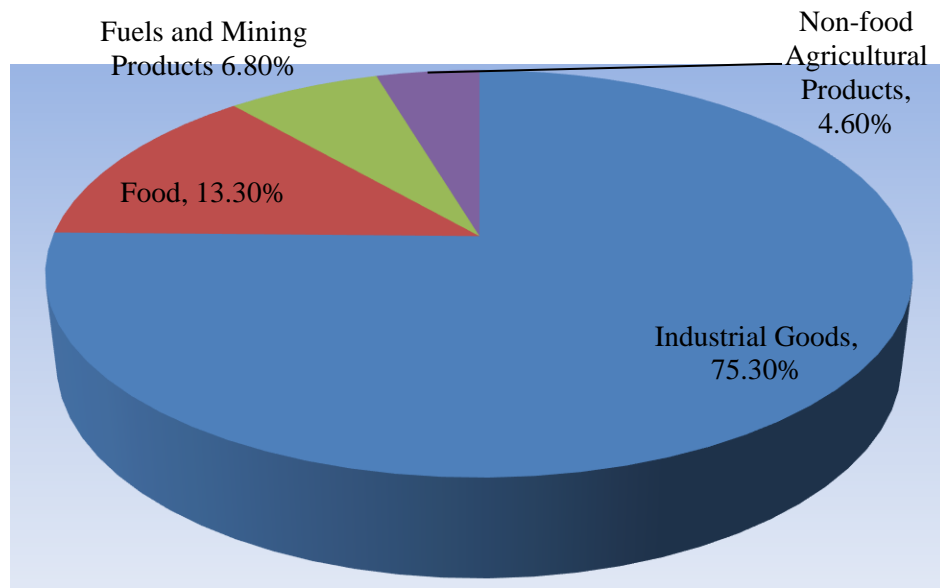
Processed by the Office of Small and Medium Enterprises Promotion of Thailand (2011c), the Office of Small and Medium Enterprises Promotion of Thailand (2011d)

As can be seen from Table 1.5, Figure 1.1, Figure 1.2, and Table 1.6, Thailand's total exports have been increasing continuously, although exports have been lower than expected because of the world economic crisis (Food Export Association of the Midwest USA, 2011). In 2010, total exports amounted to over 6.1 million Baht, an increase of 18.78 percent compared with 2009. Thailand's total export value accounted for 61.13 percent of GDP in 2010; however, the total export value of SMEs represented only 28.40 percent of the country's total export revenue (The Office of Small and Medium Enterprises Promotion of Thailand, 2011c).

1.5 The Importance of the Food Industry in Thailand

According to the Office of Industrial Economics of Thailand (2008), Thailand is recognised as one of the world's largest sources of high quality and well-known foods. Whether or not this is the case, it does demonstrate the strategic importance of the food industry from the point of view of the government. Thailand is an agricultural-based country rather than one which concentrates on other economic activities. In addition, Thailand's international trade has mainly involved agriculture-related products. The country's geography is advantageous for the production of agriculture products, livestock and fish. It has a wealth of natural resources and in addition, its labour costs are not very high. These contribute to the continuous growth of the country's food industry. As a result, the food industry has become one of the important industries for exporting, and plays an important role in Thailand's economic expansion. Besides, the Thai food industry is one of the top ten industries in terms of its contribution to the country's earnings. In the period 2006-2010, the value of food exports has been approximately 7-8 percent of the country's GDP (see Table 1.8). In 2011, Thailand was one of the world's leading producers and exporters of quality agricultural products, and the amount has tended to increase continuously. The percentage of food exports as a proportion of Thailand's total exports is presented in Figure 1.3 below.

Figure 1.3: Structure of Thailand's exports in 2008



Source: National Food Institute, Thailand (2011)

As can be seen from Figure 1.3, Thailand food industry exports accounted for 13.30 percent of Thailand's total exports. The majority of total exports relates to industrial goods which accounted for 75.30 percent.

The food industry has played an important role in driving Thailand's economy and in adding value to agricultural products. As stated earlier, the food industry has a connection with the agricultural sector, a sector which involves the majority of the Thai population. This has contributed to a large number of people being employed and to investment. The Thai food industry includes the producers of agricultural products, processed agricultural products, processed foods and instant foods. Additionally, the food industry is a labour intensive industry, especially in the first stages of production such as preparation, cleaning, and raw material trimming (Wilkinson, 2008). Most labourers in the food industry are, to a certain degree, skilled workers. According to Ministry of Industry of Thailand (2009), there were 622,964 registered workers in the food industry and it was estimated that 1 million labourers work in the industry in 2009. Moreover, the food industry has generated a great deal of employment. In fact, there were 1.4 million workers in Thailand's food industry in 2010, which accounts for 20 percent of the total employment in the industrial sector (National Food Institute, Thailand, 2010).

In order to provide a better contextual understanding of Thailand's food export situation, the world's food exports will be presented first.

1.5.1 The World's Food Exports

The food industry is an important industry in many countries, especially in the case of developing countries. The food industry is often used as an economic driver through exporting. On the other hand, developed countries are interested in a strategy for food stability, and have sought to protect their domestic food industry from imports. In 2009, the world's export value was as much as \$1,111,964 million which had increased by 36.8 percent from 2008 (Ministry of Industry of Thailand, 2009; World Trade Organisation, 2010). Although the export value decreased by 11.2 percent (Ministry of Industry of Thailand, 2009; World Trade Organisation, 2010) as a result of the global economic crisis (Food Export Association of the Midwest USA, 2011), it was still as high as \$986,878 million in 2010. The leading exporters were the EU, the US, China, and South American countries (Ministry of Industry of Thailand, 2009; World Trade Organisation, 2010). The top 10 exporters in terms of export values between 2006 and 2009 are presented in Table 1.7.

A more recent estimate of Thailand's food export showed \$18.3 billion in total food exports in 2014 (OEC, 2015). The biggest group of exports by value included processed fish (17%), raw sugar (16%), and other products (12%) (OEC, 2015). Specific exports that were a major share of Thailand's food exports as of 2013 included rice (23%), sugar (20%), shrimp (16%), cassava (14%), canned tuna (13%) and chicken and poultry (11%) (Thailand Board of Investment, 2013). The value of food exports was estimated at about 7.6% of Thailand's total exports (OEC, 2015). Growing areas of demand for Thai food exports include halal products and processed foods (Thailand Board of Investment, 2013).

Table 1.7: Leading Exporters of Food (2006-2009)**(\$million)**

Exporters	2006	2007	2008	2009
EU	301,026	357,401	379,023	335,179
USA	66,740	85,846	112,631	97,551
Brazil	34,147	41,123	54,303	51,851
China	28,016	32,987	35,885	35,316
Canada	25,418	29,802	39,353	33,283
Argentina	20,503	27,761	36,816	27,582
Thailand	15,038	19,395	23,293	22,139
Indonesia	11,177	15,953	24,090	19,998
Australia	17,274	17,052	21,571	19,933
Malaysia	10,086	14,851	23,121	17,627
World	670,245	812,859	1,111,964	986,878
Thailand's Export Share of the World's Exports	2.24%	2.39%	2.09%	2.24%
Thailand's Food Export Share of Thailand's Total Merchandise Exports				14.50%

Source: Ministry of Industry of Thailand (2009); World Trade Organisation (2010)

As can be seen from Table 1.7, Thailand was 7th in the leading exporters of the world, following the EU, the US, Brazil, China, Canada and Argentina. In 2009, Thailand's export value was \$22,139 million, which accounted for 2.24 percent of the world's exports. This accounted for 14.50 percent of Thailand's total merchandise exports in

2009, a percentage which decreased slightly to 13.30 percent in 2010 (World Trade Organisation, 2010). over 10 years until 2009, the value of Thailand's food exports has accounted for approximately 7-8 percent of GDP, compared with 7.94 percent in 2010 (National Food Institute, Thailand, 2011; The Office of Small and Medium Enterprises Promotion of Thailand, 2011d).

1.5.2 Thailand's Food Export Situation

Thailand has the second largest economy in Southeast Asia (Thailand Board of Investment, 2008; Food Export Association of the Midwest USA, 2011). It is the top food exporting country in South East Asia, and in the world's top ten of food exporting countries, where the EU, the US and Brazil are the leading exporters (Ministry of Industry of Thailand, 2009; World Trade Organisation, 2010). Growing exports of food and manufactured products has strengthened the annual economic growth (Food Export Association of the Midwest USA, 2011). Thailand's food export values as a percentage of GDP between 2006 and 2010 are shown in Table 1.8.

Table 1.8: Thailand's Food Export Values as a Percentage of GDP

(2006-2010)

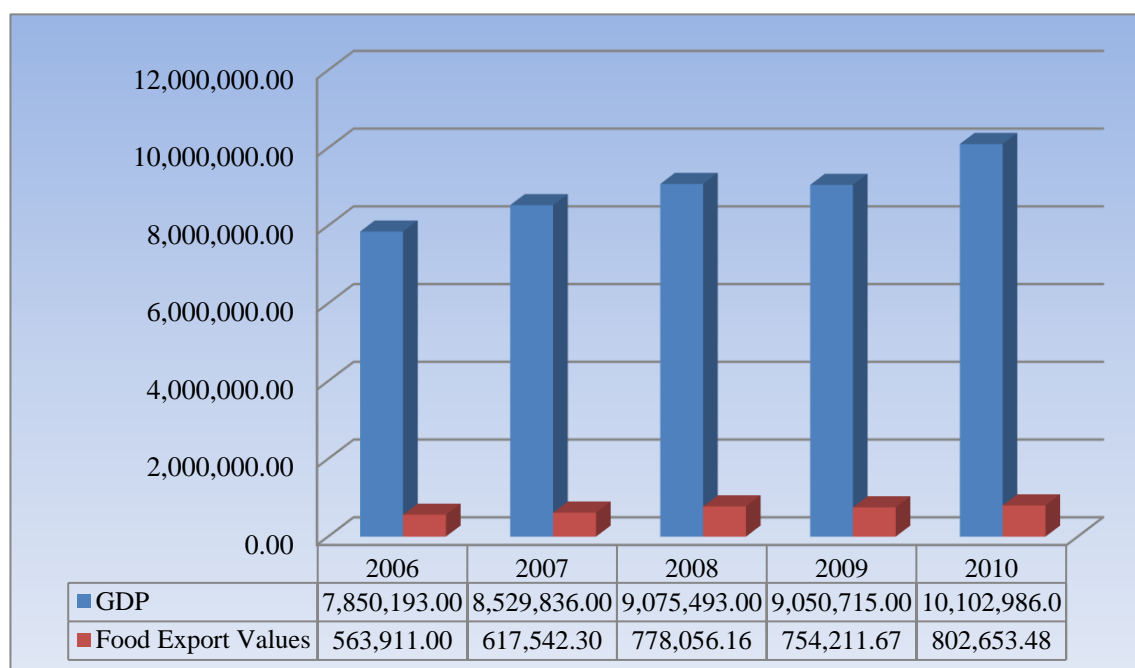
(million Baht)

Year	2006	2007	2008	2009	2010
GDP	7,850,193.00	8,529,836.00	9,075,493.00	9,050,715.00	10,102,986.00
Food Export Values	563,911.00	617,542.30	778,056.16	754,211.67	802,653.48
Food Export Values: GDP	7.18%	7.24%	8.57%	8.33%	7.94%

Source: National Food Institute, Thailand (2011); The Office of Small and Medium Enterprises Promotion of Thailand (2011d)

Figure 1.4: Thailand's Food Export Values and GDP (2006-2010)

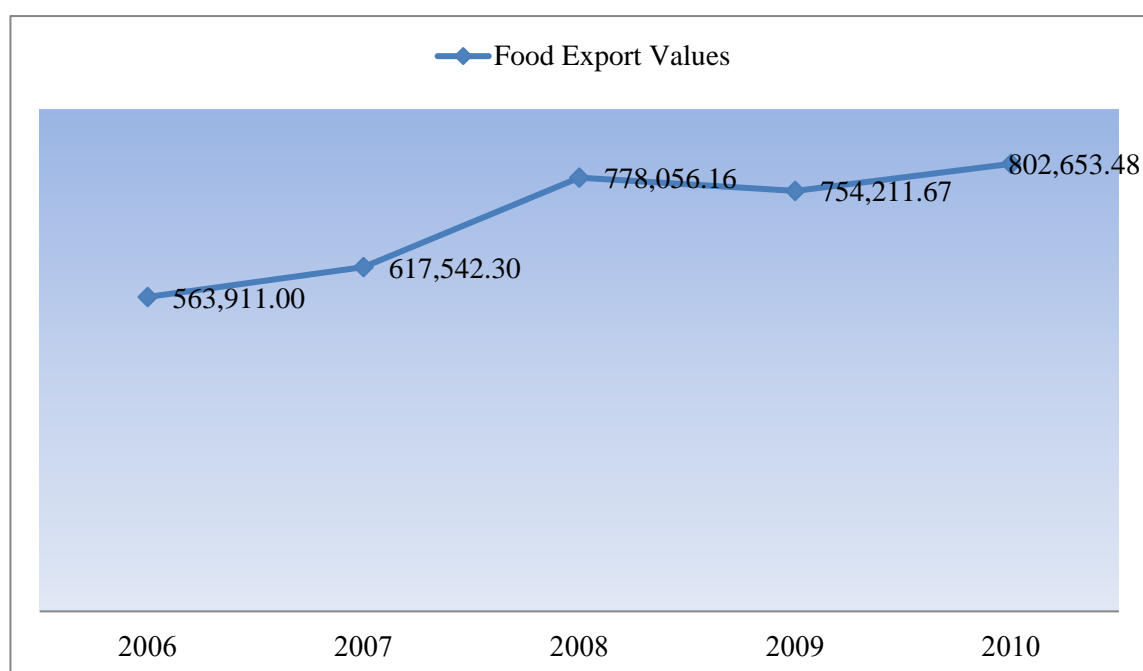
(million Baht)



Source: National Food Institute, Thailand (2011); The Office of Small and Medium Enterprises Promotion of Thailand (2011d)

Figure 1.5: Thailand's Food Export Values (2006-2010)

(million Baht)



Source: National Food Institute, Thailand (2011)

Thailand's food export values have grown continuously at approximately nine percent on average over 2006-2010. It has more than 30 trade partners, and is one of the world's leading exporters of a wide variety of food products such as rice, canned and frozen sea food, frozen and processed shrimp, sugar (Ministry of Industry of Thailand, 2009; Thailand Board of Investment, 2008; Thailand Board of Investment, 2013), cassava, poultry meat, frozen, ready-to-eat foods, and processed fruits and vegetables (Food Export Association of the Midwest USA, 2011; OEC, 2015). In addition, the food processing industry in Thailand has been significantly developed over 10 years, and is one of the most developed in South East Asia (Food Export Association of the Midwest USA, 2011).

According to the Thailand Board of Investment (2009), Thailand is the world's largest exporter of many processed foods such as canned and processed tuna, canned and processed pineapple, and processed chicken and shrimp. Due to an increase in consumer preferences for added value products, the processed food market has grown. As a result, the opportunities for Thailand's processed food exports have grown (Ministry of Industry of Thailand, 2009). In 2010, Thailand's food export value was 802,653.48 million Baht (see Table 1.8, Figure 1.4, and Figure 1.5) which increased by 6.42 percent from the previous year because of improved product quality (Thailand Board of Investment, 2008).

Thailand's food industry is one of five clusters which include software, automotive, textiles/apparel, food and tourism, which have been promoted by the Thai government due to their export potential as a means of enhancing Thailand's competitiveness. Since 2004, the Thai food industry has been encouraged to become a provider of distinct food products with its own brands, access to distribution channels, and to meet customer needs instead of being only a supplier of commodity food products to distant foreign markets. The food industry began to focus on food processing rather than commodity exports at the turn of the century (Ketels, 2003). This has resulted in an increasingly strong food safety regime as well as agricultural and ecological modernisation of production processes (Wattanapinyo and Mol, 2013; Wanwimolruk et al., 2015). There were about 10,000 food processing firms in Thailand, which employed over 900,000 people in 2013 (Thailand Board of Investment, 2013).

The “Kitchen of the World” scheme is one of a number of major policies introduced by the Thai government since 2004, designed to stimulate international trade. This initiative has promoted the opening of Thai restaurants overseas, and has supported Thai foods in an attempt to be recognised as one of the world’s famous foods. In addition, the aim has been to become one of the world’s top five exporters of safe and sanitised food (Ministry of Industry of Thailand, 2009). The most recent figures available indicate that this scheme has been successful at increasing exports of both commodities and prepared goods (Thailand Board of Investment, 2012). Exports in 2012 increased by 12% in fishery products, 17% in rice, and 14% in livestock products (Thailand Board of Investment, 2012). Additionally, Thailand exported significant amounts of prepared and processed foods, like seasoning and ingredients. Although its major market is Japan, Thailand is also emerging as a centre of halal food production for export to the Middle East and Africa (Thailand Board of Investment, 2012).

Thai restaurants have significantly expanded in numbers in foreign countries. In 2010, there were approximately 13,000 Thai restaurants all over the world (National Food Institute, Thailand, 2010) compared with 6,875 Thai restaurants in 2003 (Ministry of Commerce, 2004). USA, Europe and Australia are the major locations of Thai restaurants. These 13,000 restaurants are sizable and provide firms with opportunities to sell their food products, thus increasing the total food export value (National Food Institute, Thailand, 2010).

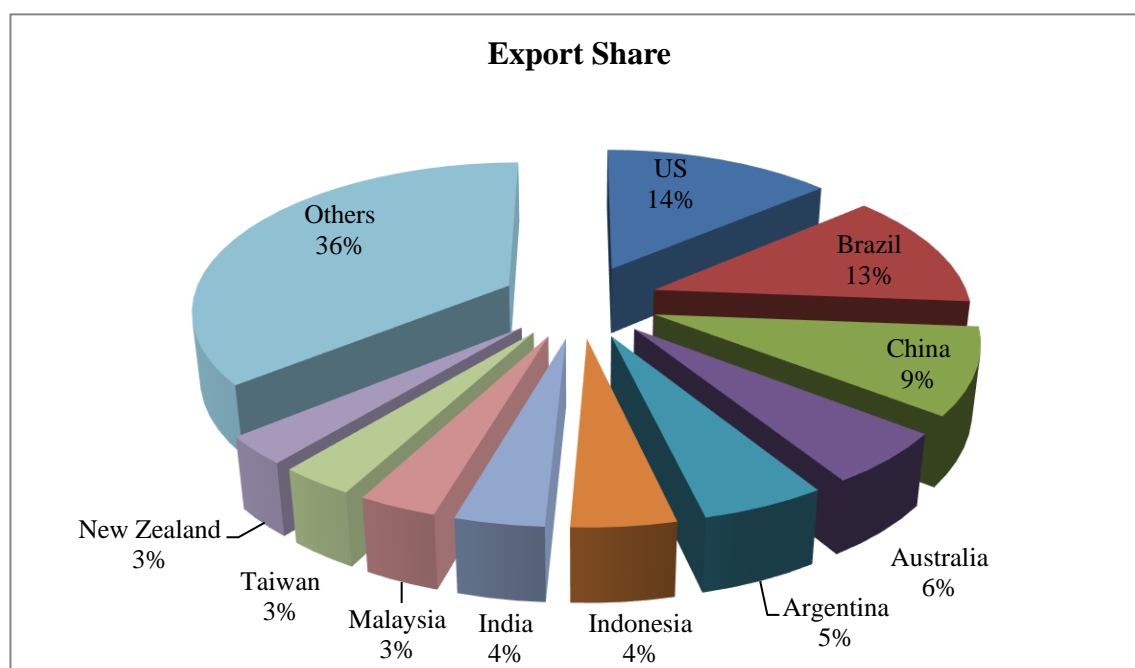
The total revenue from exporting Thai foods in 2010 was approximately 802,653 million Baht (£16,072 million). This accounted for 13.3 percent of Thailand’s total export value, and 7.94 percent of the GDP. In addition, it was 2.24 percent of the world’s total export value. The US, Brazil and China were the biggest importers of Thai foods. Thailand’s important export markets in terms of food in 2008 and 2009 are shown in Table 1.9 and depicted in Figure 1.6.

Table 1.9: Thailand's Important Export Markets for Food in 2008 and 2009

No.	Country	2008 (Million Baht)	2009 (Million Baht)	Percentage Change
1.	US	31,790	32,681	2.8%
2.	Brazil	36,231	29,494	-18.60%
3.	China	20,795	21,873	5.18%
4.	Australia	13,945	13,194	-5.39%
5.	Argentina	15,763	12,504	-20.67%
6.	Indonesia	12,144	10,467	-13.81%
7.	India	13,519	8,957	-33.74%
8.	Malaysia	9,759	7,866	-19.40%
9.	Taiwan	11,834	7,544	-36.25%
10.	New Zealand	10,916	7,122	-34.76%

Source: National Food Institute, Thailand (2011)

Figure 1.6: Thailand's Important Export Markets for Food in 2008 and 2009



Source: National Food Institute, Thailand (2011)

These statistics present high values which are very significant for the Thai economy. Ministry of Industry of Thailand (2009) states that most food firms in Thailand are SMEs owned by Thai people. Similarly, Royal Danish Embassy (2009) claims that 90 percent of Thai food firms remain SMEs. They mostly serve the local market (Food Export Association of the Midwest USA, 2011). Large factories which concentrate on producing processed foods for export are mainly invested in by foreigners or are joint ventures (Ministry of Industry of Thailand, 2009) and provide higher-value products for both local and foreign markets (Food Export Association of the Midwest USA, 2011). According to Ministry of Industry of Thailand (2009), the strength of Thailand's food industry is that there are only a few large firms whose management and administration are fully integrated in terms of marketing and manufacturing. These can earn Thailand thousands of millions of Baht a year.

On the other hand, a large number of small firms have encountered many problems. For example, many firms do not have enough capital to become fully integrated entrepreneurial organisations. Moreover, small firm industrial groups still cannot be adequately interdependent. As mentioned earlier, although there are a great number of SMEs in Thailand, the total export value of SMEs in 2010 represented only 28.40

percent of the country's total exports (The Office of Small and Medium Enterprises Promotion of Thailand, 2011c). Therefore, this study of how exporting SMEs exploit foreign markets, and how interorganisational networks facilitate this, can be used to reinforce SME exporting, with potential benefits for the national economy. The distribution of SMEs in the manufacturing sector is given in Table 1.10.

Table 1.10: Distribution of SMEs in the Manufacturing Sector (by Sector) in 2007

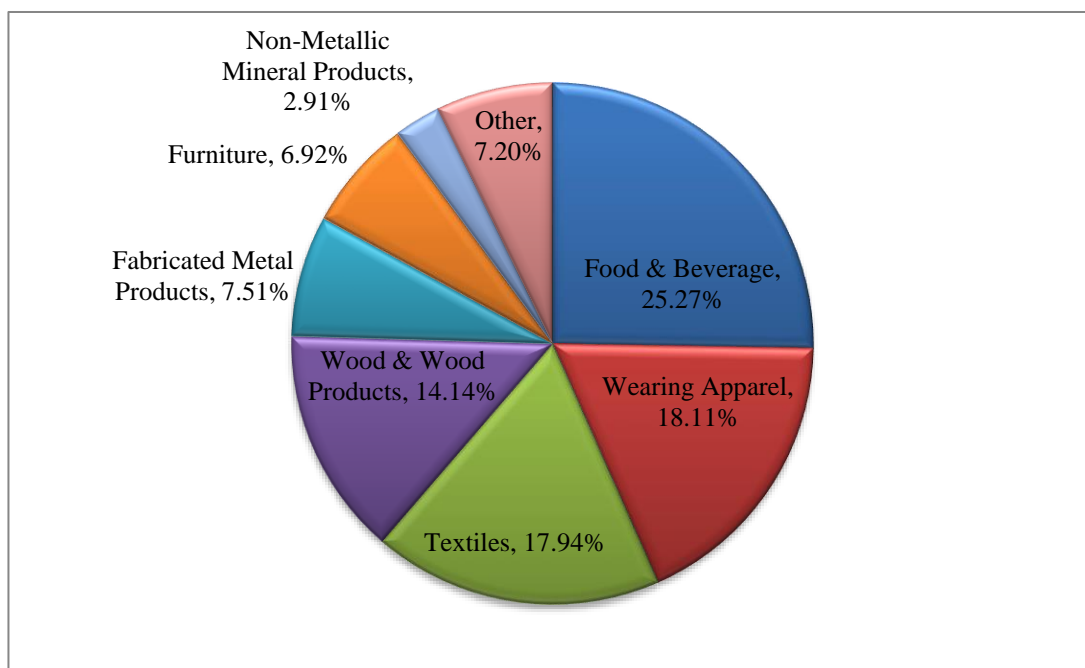
Sector	Number of Establishments	SMEs	Percentage of SMEs	Share in the Manufacturing Sector
Food & Beverage	116,146	115,572	99.51%	25.27%
Wearing Apparel	83,154	82,843	99.63%	18.11%
Textiles	82,348	82,047	99.63%	17.94%
Wood & Wood Products	64,748	64,652	99.85%	14.14%
Fabricated Metal Products	34,503	34,369	99.61%	7.51%
Furniture	31,949	31,646	99.05%	6.92%
Non-Metallic Mineral Products	13,435	13,297	98.97%	2.91%
Other	34,523	32,934	95.40%	7.20%
Total	460,806	457,360	99.25%	100%

Source: National Statistical Office of Thailand (2007)

As indicated in Table 1.10, the food and beverage sector is dominant, while the smallest are the producers of non-metallic mineral products. There were 116,146 food and beverage firms in 2007, followed by wearing apparel and textile firms at 83,154 and 82,348 respectively. On the other hand, there were only 13,435 non-metallic mineral firms in 2007. Overall, SMEs accounted for 99.25 percent of the total number of establishments. In fact, food and beverage SMEs accounted for 99.51 percent, and SMEs in other sectors were similar in that they accounted for approximately 95 to 99

percent. The proportion of SMEs for each sector in the manufacturing sector is shown in Figure 1.7 below.

Figure 1.7: Distribution of SMEs in the Manufacturing Sector (by Sector) in 2007



Source: National Statistical Office of Thailand (2007)

As summarised in Figure 1.7, the largest concentration of SMEs is in the food and beverage sector (25.27 percent), followed by wearing apparel (18.11 percent), textiles (17.94 percent), wood and wood products (14.14 percent), fabricated metal products (7.51 percent), furniture (6.92 percent) and non-metallic mineral products (2.91 percent). The remaining of 7.2 percent is in “other industry” category.

1.5.3 Competitive Capability of Thailand’s Food Industry

Overall, Thailand can produce quality raw materials which are adequate to serve the needs of industry. Additionally, the workforce is skilled and not costly. However, the recent energy crisis has led to some agricultural products produced in order to become a source of alternative energy. Global warming is also a cause in the reduction of output of some products. As a result, those agricultural products’ prices have risen. A continuing problem in the food industry is that the efficiency of overall production has been insubstantial, because technology investment in the industry has been very small.

With regard to the market aspect, both domestic and foreign markets for Thai food products are likely to grow. In particular, there is an increase in domestic demand for food which is more varied than the demand for exported products.

However, the horizontal and vertical integration of the industry is still low, as it is in many countries (Brioines and Rakotoarisoa, 2013) . Actually, the prices of raw materials continue to fluctuate as most producers cannot control their prices and ensure the quantity of the raw materials from the suppliers with any degree of efficiency (The Office of Industrial Economics of Thailand, 2008). The strategy of Thailand's food industry as mentioned in "The Model Scheme for the Food Industry, 2010-2014" produced by Ministry of Industry of Thailand (2009), is to have expanded its exports to large markets with high demand such as the EU, and to access new markets to compensate for a decrease in income from major markets. Thailand's food industry has some advantages over similar industries in China and Vietnam. Actually, the food industries in these two countries are facing food hygiene problems, while Thailand's has not encountered such problems.

The food industry has been concentrated by the Thai government. Ministry of Agriculture and Cooperatives of Thailand has been assigned to supervise the production of agricultural crops. National Food Institute, Thailand is a major organisation to support for necessary knowledge, monitor trends of the world's food standards. Moreover, the institute has coordinated the cooperation of the government and the private sector in order to solve any problems and to promote competitive capabilities. These are aimed at improving Thailand's food standard so that they meet international standards (Ministry of Industry of Thailand, 2009). Emerging markets are still expanding, which is an opportunity for Thailand. These markets compensate for decreasing earnings from existing markets where Thailand has lost its competitiveness compared with China.

In addition, the export of processed foods by Thai companies has every chance of increasing, as consumer behaviour turns to favour added value products, leading increasingly to the growth of the processed food market (Thailand Board of Investment, 2012). However, food production is categorised as a part of local wisdom which includes traditional knowledge and the expression of folklore (Ministry of Commerce, 2010). Therefore, this industry is likely to involve the local community to

a significant extent. Furthermore, due to being a part of local wisdom and being a non hi-tech industry, it may be difficult for the products to match international standards, especially in terms of hygiene and food safety issues which are complex and various, making it difficult to access foreign markets.

Because food consumers are sanitary sensitive, trade liberalisation brings about the situation of Thailand facing increased non-tariff barriers. For instance, the US's import duty for shrimp acts as an antidumping duty, as is the EU's quota restriction for importing chicken, Japan's permission for limited factories producing imported cooked chicken, and Singapore and EU's strict regulations with regard to importing processed pork (Ministry of Industry of Thailand, 2009).

There is a well-recognised example of the concern for food safety which arose due to the problem which was created by food exporters from one country, but which also impacted on exports from Thailand and from many other countries. The case was that of China's dry milk in 2008 which was contaminated with melamine. Due to a resulting allergic reaction, this turned Japanese consumers against China's imported foods. An awareness of food safety risks in Japan therefore, has been increasing, and is associated with chemical residues such as antibiotics, antibacterial agents and agricultural chemicals. As a result, imported foods from many countries including Thailand have faced higher export barriers with regard to food safety in the Japanese market (Motomura, 2011).

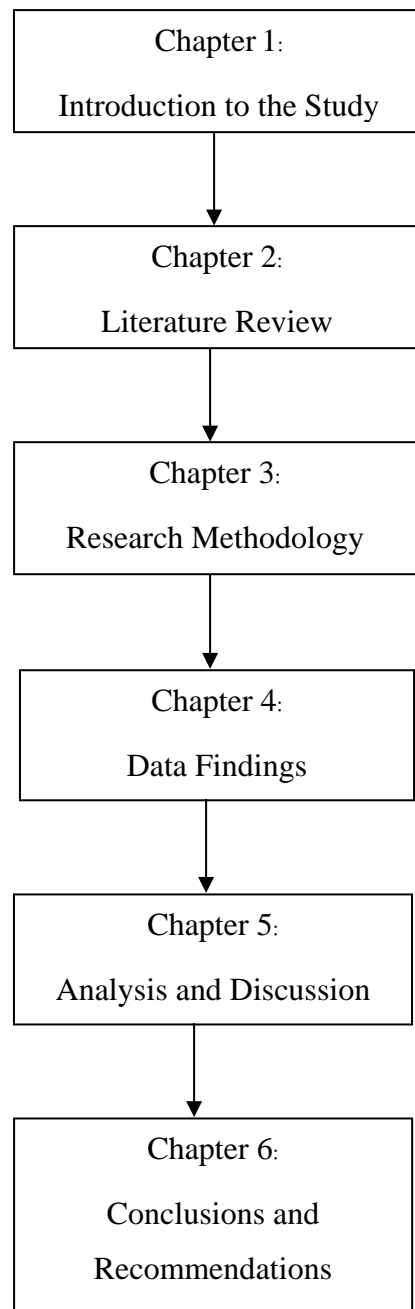
In reviewing the literature, it is clear that studies of Thai SMEs' exporting and foreign market exploitation are scarce. Those that have been undertaken were mainly focused on the automobile and the clothing and textile industries. Although some research projects have examined Thai food industry exports, the issues regarding foreign market identification and exploitation have not been investigated. Moreover, some studies have not been related to SMEs. For example, Srimoon (2009) explored the "export intention" of Thai food SMEs. Kohpaiboon (forthcoming) studied the Thai processed food industry in the context of MNEs and global integration. With regard to research methods, studies of variables and the effects on export behaviour have tended to concentrate on such aspects as firm and managerial characteristics, attitudes towards exporting, and business objectives. However, research on the relationship between interorganisational networks and foreign market exploitation is rare. Therefore,

studying the role of interorganisational networks with regard to Thai food SMEs' foreign market exploitation should be useful for the industry and for the Thai economy, and should reflect Thai food SMEs' network structural characteristics.

1.6 Structure of the Dissertation

This dissertation consists of six chapters. Chapter One provides an overview of the rationale for the research, and the importance of SMEs and the food industry in Thailand, as well as presenting the research aim, key definitions and the scope of the study. In the following parts, a literature review is given in Chapter Two. This includes the review methodology, a summary of the key research literature and a discussion of the key literature. It discusses the main theories focusing on exporting and the role of networks. Then Chapter Three provides details of the research methodology, including the research philosophy, the research approach, the research strategy and data collection methods and analysis. Afterward, the findings which consist of 15 case firms and two interorganisational network partners will be presented in Chapters Four. Then, an analysis and discussion of the results will be presented by theme in Chapter Five. Finally, Chapter Six will conclude with an analysis of the results in relation to the main objectives of the thesis and how these make a contribution to knowledge. In addition, the managerial and policy implications will be discussed. Finally, the limitations of the analysis and suggestions for future research are provided. Figure 1.8 illustrates the structure of the study.

Figure 1.8: The Structure of the Study



1.7 Conclusion

This chapter aimed to provide an overview and rationale for the research. It began with the background of SMEs in Thailand, and then examined the food export industry in detail. This discussion established the importance of food exports to the Thai economy as well as the importance of SMEs in the food export industry. It also discussed some of the challenges that SMEs face in the process of exporting. The chapter established the research aims and objectives. It also defined the key definitions and scope of the

study. This discussion has helped to place the topic of the research into a wider context and provide an understanding of why the study is important. Specifically, the literature remains underdeveloped in relation to our conceptualisation of foreign market exploitation. Thus, the aim of the study is to examine the process and challenges of SMEs' foreign market exploitation in the food industry of Thailand. The next chapter critically analyses internationalisation, foreign market entry and exploitation, and interorganisational networks. This helps identify the research gap of the study.

CHAPTER TWO: LITERATURE REVIEW

This chapter will present a literature review of the role of interorganisational networks in foreign market exploitation by SMEs. The literature review considers the main theoretical approaches to internationalisation, through to empirical findings in actual SMEs regarding the exporting/internationalisation process and the role of interorganisational networks. The methodology of the review will first be considered, followed by the background to internationalisation research. In order to answer the research questions, “internationalisation” will be defined. After that, traditional stage models and their variants, together with criticisms of the Uppsala model, are presented. This discussion is followed by an analysis of theories regarding exporting: the most significant and explored aspect of the internationalisation literature. This is also important as it was found to be the main internationalisation mode used by firms in the study. In the following section, the network perspective of internationalisation will be discussed and “interorganisational networks” will be defined. Subsequently, a review of SME’s benefits from interorganisational networks and foreign market entry on the part of SMEs, the resource based view, internationalisation through networks and network learning, and studies of SMEs’ exporting will be presented.

2.1 Methodology of the Literature Review

In an effort to determine the role of interorganisational networks in foreign market exploitation by SMEs, an extensive search of the literature was conducted. Firstly, journal articles were drawn from databases including Google Scholar, ABI/Inform, Business Source Elite and JSTOR. These databases present accounts of acceptable quality business research. Multiple keywords and also combinations of words such as internationalisation, foreign market entry, foreign market exploitation, SMEs, networks, business networks, social networks and cooperation were used for search purposes. In addition, the search was restricted to the 36 year period from 1977 to 2012 because the Uppsala Internationalisation Model, which is famous and widely criticised for studying the internationalisation process, was established in 1977.

An analysis of the results was conducted in order to consider and select the articles relevant to SMEs’ internationalisation and foreign market exploitation, and interorganisational networks. In addition to articles found in the above searches, articles indicated in the reference lists of the retrieved articles were included. Then the articles

chosen were read, during which the ideas, research methods and results of each article were considered. Then, an analysis of these articles was performed in order to consider the main themes, ideas and discussion related to the studies. A qualitative approach was used for this literature review. Analysis was conducted using a combination of thematic analysis and content analysis, which provided insight into both individual responses and shared themes and trends.

2.2 Internationalisation

The main focus of this research is the internationalisation of small firms. Historically, definitions of internationalisation have focused on large-scale internationalisation of multinational firms, and thus implied multiple market entries (Andersen, 1997). However, since this research focuses on small firms, these earlier definitions are inadequate for the current study. A brief definition of internationalisation that is suitable for use in research on small firms is "...the expansion of a firm's operations to foreign markets," using any combination of market entry modes and strategies including exports, foreign investment, and anything in between (Mehri and Umemoto, 2010, p. 157). As Mehri and Umemoto (2010) pointed out, while internationalisation can be an ongoing process, it can also take place at a single time as a firm enters an international market and then does not expand further. This definition stands in contrast to more traditional definitions of internationalisation, in which internationalisation is more typically understood as a continual process of international expansion (Segaro, 2012). However, since small and medium sized firms may not have the resources or drive to expand into multiple markets, it is important to consider that firms may not continually expand (Mehri and Umemoto, 2010).

Initially, internationalisation research focused on large multinational enterprises in the late 1950s and 1960s (Ruzzier, Hisrich and Antoncic, 2006). The Uppsala Internationalisation Model (U-Model) and the Innovation-related Internationalisation Model (I- Model) were the most popular models in this field (Du, 2003). Internationalisation is defined by several scholars varying from broad to narrow perceptions of the term. Many scholars recognise that internationalisation involves a firm having to learn as part of a cumulative process to increase that firm's market knowledge of, and commitment to, foreign markets over time. One of the broad definitions of internationalisation is the:

“...process by which firms both increase their awareness of the direct and indirect influence of international transactions on their future, and establish and conduct transactions with firms in other countries” (Beamish, 1999, p.46).

In addition to this, Johanson and Mattsson (1988) define internationalisation as a cumulative process to achieve a firm’s objectives as a result of established, developed, maintained and dissolved relationships with international partners, markets and institutions.

Young (1990); Johanson and Vahlne (1990) view internationalisation as a process of change which increases commitment to international business. Johanson and Vahlne (1992); Melin (1992) also claims that internationalisation is a dynamic process that seems to conform to what the above literature states. Additionally, Coviello and Munro (1997) support Beamish’s (1990) internationalisation definition that should be appropriate because it integrates the firm’s learning and both the inward and the outward pattern of internationalisation. On the other hand, some scholars do not consider internationalisation as a process of change and learning. For example, Root (1994) argues for a narrower definition of productive management in overseas exporting, but does not consider learning and change as part of the process. Foreign market exploitation/exporting, which is one form of internationalisation, will be considered in this review. Internationalisation is primarily discussed within the context of exporting, rather than importing, foreign direct investment or other forms of internationalisation. This choice was made explicitly, in order to create a clear context for the study and to focus intently on a specific set of issues that SMEs face. Thus, the implications for public policy and firm operations relate primarily to exporting policy, rather than to other internationalisation policy aspects.

Two main areas of the internationalisation literature involve the discussion and analysis of conventional stage models. Another study area related to the internationalisation process involves a firm’s networks and the development of its relationships (Coviello and Munro, 1997). Of course, stage models of internationalisation are limited in that they only examine internationalisation as a limited process, and do not take into account firms such as new exporting firms (born global firms) , who begin exporting immediately on inception (Sharma and Blomstermo, 2003). Thus, all of these stage models represent a general or stereotyped

process view of internationalisation, which may not hold true for any particular firm. This limitation is the reason for consideration of interorganisational networks as a facilitator of foreign market exploitation, particularly for SMEs, which is discussed later in the chapter. It also offers an opportunity for the current study to provide a real-life perspective on SME exporting/internationalisation, complicating the formalist staged internationalisation models.

2.3 Traditional Stage Models

There are two primary stage models or incremental internationalisation models as classified in Coviello and Munro's writing (1997). These consist of the Uppsala Internationalisation Model (the U-model) and the Innovation-related Model (the I-model) (Ruzzier, Hisrich and Antoncic, 2006). These basic stage models have been elaborated by other authors, who have identified different transitional points in the process from non-exporting to experienced exporting firms.

2.3.1 Uppsala Internationalisation Model (U-Model)

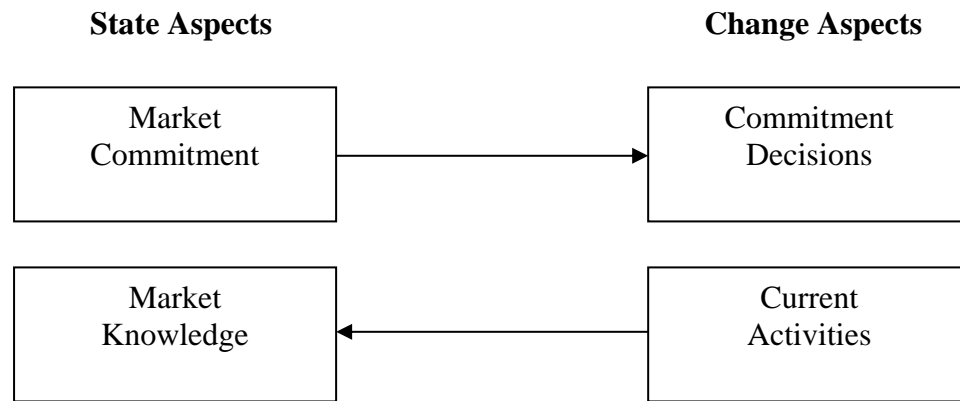
The Uppsala Internationalisation Model (U-Model) was established by Johanson and Vahlne (1977). It is based

“... on the development of the individual firm and particularly on its gradual acquisition, integration, and use of knowledge about foreign markets and operations and on its successively increasing commitment to foreign markets.” (Johanson and Vahlne, 1977, p.23).

Thus, the U-Model is a stage model or lifecycle model of internationalisation. The distinction between state and change aspects of internationalisation is focused in this model which is presented in Figure 2.1.

The U-model sees a firm's internationalisation as a process of increasing that company's international involvement incrementally that comes from different learning types. Firms are more likely to select low to high commitment entry modes. Moreover, firms will enter “psychically close” markets where similar cultures, languages, education, political systems, business practices, industrial development etc. exist, and enter greater psychically distant markets consecutively (Coviello and Munro, 1997; Du, 2003). In addition, firms' international involvement tends to rise at a slightly incremental pace.

Figure 2.1: The Basic Mechanism of Internationalisation



Source: (Johanson and Vahlne, 1977, p.26).

The Uppsala model has a number of different assumptions, including conditions of operational uncertainty and bounded rationality (or decisions made rationally but limited by cognitive biases, knowledge, and other uncertainty factors), as well as state and change aspects of the firm (Johanson and Vahlne, 1977). State aspects of internationalisation are conditions in play within the firm prior to the internationalisation process. These include market knowledge and market commitment. Change aspects are the processes and decisions that take place under the shift to internationalisation. These include decisions to commit resources and business activities currently taking place. Change within the organisation occurs through learning from experience in domestic and foreign markets and a deliberate decision to commit to the export market (Johanson and Vahlne, 1977).

The Uppsala model is based on knowledge as the critical resource for development. Johanson and Vahlne (1977, p. 23) state,

“the basic assumptions of the model are that a lack of such knowledge that is an important obstacle to the development of international operations and that the necessary knowledge can be acquired mainly through operations abroad.”

In other words, firms must deliberately attempt to develop internationalisation knowledge by entering foreign markets. This commitment decision influences current process decisions in existing markets as well as internationalising market. Over time, the firm gains experience and knowledge in internationalisation, which reduces perceived risk and accelerates market entry (Johanson and Vahlne, 1990). Therefore, market knowledge is positively associated with market commitment; firms with more

knowledge of a market are also more willing to commit. However, there are some exceptions (Johanson and Vahlne, 1990). Larger firms, with more resources, may be more willing to make major commitments. Market knowledge could also be acquired in other ways, for example through application of knowledge between different markets. Furthermore, firms with knowledge of similar markets can use their existing knowledge. These assumptions may or may not be true for SMEs, where there has been limited research. The present research will assess the application of these assumptions.

Johanson and Vahlne (1990) expanded on their initial formulation (Johanson and Vahlne, 1977) by addressing foreign direct investment, redefining internationalisation as “explaining the pattern and mode of establishing market- oriented operations (including manufacturing for the local market)” (Johanson and Vahlne, 1990, p. 16). They also extended the market entry conditions to include demand for products as well as psychic closeness. Another modification of the model was uncertainty avoidance, which was the main factor in choice of entry mode (Johanson and Vahlne, 1990). Under these conditions, firms without experience in foreign markets or relationships in those markets are unlikely to internationalise (Ghanatabadi, 2005).

In regard to firm networks and relationships, Johanson and Vahlne (1990) remain adamant that only interaction within the network can help firms understand and assimilate their experience: “... market (i. e. network) knowledge is based on experience from current business activities, or current business interaction (Johanson and Vahlne, 1990, p. 19).” Thus, network interaction with firms that have gained market experience can facilitate market entry. However, the authors view the importance of network partners as most important early: “... it can be expected that the personal influence of relationships is strongest in the early establishment of relationships (Johanson and Vahlne, 1990, p. 19).” However, as the firm gains its own experience in foreign markets these relationships become less valuable.

2.3.2 Innovation-related Model (I-Model)

The Innovation-related Model considers exporting as an innovation for the firm on initial entry (Rogers, 1962) and the process of export development is emphasised, especially with regard to SMEs (Ruzzier, Hisrich and Antoncic, 2006). According to Andersen (1993), the I-Model was developed from the Uppsala Model’s concept

which describes the internationalisation process from an innovation-related view. In addition, these two stage models perceive internationalisation as a sequential incremental process with a different number of stages and terminologies. Export development models have been developed by several scholars since the mid 1970s. Leonidou and Katsikeas (1996) summarise these models, some of which are presented in Table 1 as follows:

Table 2.1: Export Development Models

Johanson and Wiedersheim-Paul (1975)	Bilkey and Tesar (1977)	Cavusgil (1982a)	Czinkota (1982)	Rao and Naidu (1992)	Crick (1995)
	STAGE I No interest in exporting not even filling an unsolicited order	STAGE I Pre-involve ment/selling only in the home market/No interest in export related information	STAGE I Completely uninterested firm/No exploration of feasibility to export	STAGE I Non-exporters indicating no current level of export nor any future interest in exporting	STAGE I Completely uninterested firm
	STAGE II Passive exploration of exporting/ Possible filling of an unsolicited order	STAGE II Reactive involvement/ Evaluation of feasibility to export/ Deliberate search for export related information	STAGE II Partially interested firm/ Exporting is desirable but uncertain activity	STAGE II Non-exporters who would like to explore exporting opportunities	STAGE II Partially interested firm
	STAGE III Management actively explores the feasibility to export	STAGE III Limited, experimental involvement/ Limited exporting to psychologically close countries	STAGE III Exploring firm/ Planning for export and actively exploring export possibilities	STAGE III Sporadic involvement in exporting activities	STAGE III Exporting firm

STAGE I No regular export activity/No resource commitment aboard	STAGE IV Experimental exporting to some psychologically close countries	STAGE IV Active involvement/ Systematic exporting to new countries using direct distribution methods	STAGE IV Experimenting exporter/ Favourable export attitude but little exploitation of export possibilities	STAGE IV Regular involvement in exporting activities	STAGE IV Experimental exporter
STAGE II Exporting psychologically close countries via independent reps/agents	STAGE V Experienced exporters/ Optimal export adjustment to environmental factors	STAGE V Committed involvement/ Allocating resources between domestic and foreign markets	STAGE V Semi-experienced small exporter/ Favourable attitude and active involvement in exporting		STAGE V Experienced small exporter
STAGE III Exporting to more psychologically distant countries/ Establishment of sales subsidiaries	STAGE VI Exporting to additional countries psychologically more distant		STAGE VI Experienced large exporter/ Very favourable export attitudes and future export plans		STAGE VI Experienced larger exporter

Export stage typologies have some advantages, according to Leonidou and Katsikeas (1996). Because they are typically based on the firm's current export activities, they are simple to understand and do not require primary data, such as managerial attitudes or insights, to classify firms (Leonidou and Katsikeas, 1996). This makes them useful for understanding differences in firm exports through comparison of actual activities. As Table 2.1 shows, these export typologies have varying stage levels, but there are some similarities. For example, the concept of psychological distance is identified in most models, in which newer exporters focus on psychologically close markets while more experienced exporters begin to enter more psychologically distant markets. It is

possible that different firms or industries follow different stages, which is why the present research keeps an open approach to internationalisation stages.

Another similarity is that all the models are based on sequential and incremental stages of development, in which firms gradually develop knowledge and experience that reduces the uncertainty and risk associated with internationalisation. However, the precise stage at which export actually begins varies by model, though a rough classification of pre- engagement, initial export and advanced export is possible (Leonidas and Katsikeas, 1996). This research will focus on the stages in bold in Table 2.1, as these stages are where export actually begins. However, it will not be assumed that all firms will go through all stages. Another similarity is that models are time-bound, but have little insight into the role of interorganisational networks and how it varies over time. Thus, this research can improve on the literature by exploring changes over time.

The basic internationalisation model is elaborated in order to identify three different forms of international business (Johanson and Wiedersheim-Paul, 1975; Leonidou and Katsikeas, 1996). In the first stage, the firm has neither foreign market commitment of resources nor export activity. In the second stage, the firm begins to export, typically to psychically¹ close markets and using export strategies such as export agents or networks. In the third stage, the firm begins to export to more distant countries and establishes its own subsidiaries for manufacturing and sales, representing significant resource commitment. Incremental progress through these stages results from increased knowledge and information about the markets, which reduces uncertainty.

A similar model is proposed by Bilkey and Tesar (1977), though these authors propose six stages. This moves from a condition of absolutely no interest in export to becoming an experienced exporter, fulfilling orders to increasingly more psychically distant countries. The process of internationalisation is conceptualised as a learning process, as firms become more knowledgeable and confident about exporting and export markets. Czinkota (1982) suggested a modification of this model, with similar stages from firms with no experience or interest to firms that have positive attitudes and plans

¹ Authors use the terms *psychologically close* and *psychically close* interchangeably. In this research, *psychically close* is preferred, but *psychologically close* is used if in the authors' original wording.

for increased exports. The authors' main interest is the government support requirements for firms along this export lifecycle, as well as the organisational and management conditions that facilitate learning along these stages.

A further development of the Bilkey and Tesar (1977) and Czinkota (1982) models was proposed by Crick (1995). This model also includes six stages, but as Leonidas and Katsikeas (1996) point out, the context of classification is different. Export stages include complete disinterest, partial interest, exporting firms, experimental exporters, and experienced small and large exporters (Crick, 1995). Thus, it takes into account firm resources and activities as well as their exporting stage. These firms have different company requirements, customer demands, government supports, and export problems, even if there is no difference in operational exports or export issues (Crick, 1995).

Rao and Naidu (1992) used a four-stage model, categorising firms into uninterested non-exporters, non-exporters undergoing exploration, sporadic exporters, and regular exporters. A similar five-stage model was proposed by Cavusgil (1982a), who proposed a model of pre-involvement, reactive involvement, limited and experimental involvement, active involvement, and committed involvement. Under this model, increasing export involvement is the result of incremental management decisions, with firm-specific and managerial conditions influencing export involvement and potentially inhibiting involvement (Cavusgil, 1982a). This model addresses the internal conditions of the firm, and unlike other stage models is not necessarily observable from outside, since it relates to managerial conditions such as attitudes and motivations. Thus, this model is in the present author's opinion weaker than other models.

2.4 Criticism of the Uppsala Model

Many studies have criticised the Uppsala model of Johanson and Vahlne (1977). Madsen and Servais (1997) suggest that a firm's entry into foreign markets is not associated with psychic distance, which is a basic assumption of initial entry under the U-model. Instead, they argue that in the case of born global or (new internationalising) firms, market opportunities are the determining factor in market entry choice (Madsen and Servais 1997). Similarly, Loveridge and Wilson (1998) support the view that globalisation shortens psychic distance. Therefore, "psychically close" distance seems

to be less important for early entry into a new market. Nordstrom's (1990) investigation, for example, indicates that Swedish companies have tended to establish their first export sales through subsidiaries in the UK, Germany and the USA. A number of scholars explain the occurrence in terms of the influence of networks. For example, Coviello and Munro (1997) summarise that the network perspective goes further than incremental internationalisation models in that a firm's market selection might be influenced by relationships.

Furthermore, Crick (2002); Crick and Spence (2005) address the point that the subsequent internationalisation of firms pursues planned and unplanned paths, and it is a more complicated process than what is proposed by the stage models. Johanson and Vahlne (2009) revisit the Uppsala internationalisation process model. They indicate that a market composed of many independent suppliers and customers is replaced by a market with relationships and networks. Thus, the Uppsala model is inherently limited because it does not significantly address these relationships within a network. This is also true of the I-model, since both of these models primarily consider the firm's international conditions. These critiques are particularly important for the present research, since it is not clear that all firms go through such an extended stage model. One of the goals of this research is to examine the extent to which these models apply.

2.5 Specific Internationalisation Modes: Exporting

Although a number of different theoretical internationalisation modes are available to the firm, in practice all the firms included in this study chose exporting as their main internationalisation strategy. Exporting refers to the firm's sale of goods or services produced in the home country to customers in the host country; either through direct orders from the customer to the firm (direct exporting), or through an agent or distributor who facilitates sales and manages further shipping (agent-based exporting) (Kaynak and Seyoum, 2014). In Johanson and Vahlne's (1977) model of internationalisation, direct exporting represents the first step in the internationalisation process, occurring at the point where the firm has determined it is appropriate to enter the international market, but where it has insufficient economic or other resources such as local knowledge to engage in a more extensive internationalisation approach. As they explain,

“... Swedish firms often develop their international operations in small steps, rather than by making large foreign production investments at single points in time. Typically, firms start exporting to a country via an agent, later establish a sales subsidiary, and eventually, in some cases, begin production in the host country (Johanson and Vahlne, 1977, p. 24).”

U-models and I-models propose different motivations for initiating export strategies, including unsolicited orders alerting the company to unmet demand and deliberate market-seeking strategies (Andersen, 1993).

Changing business norms, such as the emergence of born global firms and consumer demand for a broadening set of goods, has challenged the position of exporting as only the first step in a continual process: now, many firms only establish export channels, and may never expand further (Kaynak and Seyoum, 2014). Furthermore, in practice firms may engage in both exporting and other modes of internationalisation, depending on the market and its characteristics (Kaynak and Seyoum, 2014). Thus, as is common with the firms in this study, exporting can be said to be a common choice for SMEs entering international markets.

2.5.1 The Risks and Benefits of Internationalisation for SMEs

Exporting is both an attractive strategy for SMEs and a risky one. Exporting offers SMEs the opportunity to internationalise without significant capital investment, which is critical for firms that are often resource-constrained and have limited access to external financing (Lu and Beamish, 2001). As argued within the Uppsala model and similar staged models, exporting offers firms the opportunity to gain experience in international markets; however, as Lu and Beamish (2001) point out, exporting also has direct economic benefits. By increasing sale volume, the firm can realise economies of scale and reduce costs, allowing them to maximise profits (Lu and Beamish, 2001). Exporting can even drive capital investment by increasing the appearance of firm stability, increasing access to external financing and with higher sales justifying the need for capital investment (Shaver, 2011). Finally, while there is a minimum size for firms to successfully engage in export, it is a more accessible route to internationalisation than most other strategies for the smallest of firms (Mittelstaedt, Harben and Ward, 2003). Notably, the emergence of the Internet and increasing discoverability of small firms and producers, along with the development of the ‘born global’ phenomenon, may mean that this limit has been breached, with even very small firms successfully internationalising (Zhou, Wu and Luo, 2007).

There are risks associated with the exporting strategy as well. Without direct control of the distribution of goods, firms face the potential devaluation of the products or devaluation resulting from the opportunistic use of information asymmetries by their exporting agents (Lu and Beamish, 2001). This is a basic example of the principal-agent problem, in which an agent has an opportunity to use hidden information for their own benefit instead of meeting the needs of the principal, who owns the underlying assets (Grossman and Hart, 1983). However, the risks associated with exporting are not necessarily objective in terms of their decisions; in fact, several studies have shown differences in the perception of existence and magnitude of risks associated with exporting between exporting and non-exporting firms (Alrashidi, 2016; Shamsuddoha, Ali and Ndubisi, 2009). Thus, whether exporting risks influence the export decision depends as much on the individual manager or entrepreneur making the decision as on the export environment.

2.5.2 Exporting and Other Internationalisation Modes

There is also the question of what kind of relationship exporting has to other internationalisation modes. In standard models of internationalisation (e.g. Johanson and Vahlne, 1977, and others), exporting is often regarded as the first step in international strategy development. However, empirical evidence shows that firms may choose a range of strategies, for example exporting in one market and engaging in FDI in another (Kaynak and Seyoum, 2014). Lu and Beamish (2001) observed that there was a fundamental conflict between exporting and foreign direct investment (FDI). Simply, firms engaged in a high level of exporting and a high level of FDI had poorer financial performance compared to firms that had either high exports and low FDI or vice versa. Thus, the authors argued that exporting served as a complementary mode of internationalisation for SMEs, rather than one to be used in conjunction. Other studies have also suggested that exporting interacts with other internationalisation modes, rather than remaining in isolation (Grandinetti and Mason, 2012). Thus, exporting must be considered within the spectrum of internationalisation modes, rather than standing alone as an introductory mode that will soon be abandoned for more intensive modes. However, overall the literature is poorly developed in terms of understanding how exporting and other internationalisation modes interact and what their mutual effects are.

2.5.3 Exporting and Networks

A significant gap in the research knowledge on exporting is understanding how managers influence exporting activity. Early research identified managerial attitudes and behaviours as potential influences on exporting, although a review of this research did identify these relationships as exploratory at best (Leonidou, Katsikeas and Piercy, 1998). However, what was less clear in early research was the role that managerial network resources and relationships played in the internationalisation process. For example, one author observed that although exporting strategies had been observed to be driven by international network relationships, little attention had been paid to how these relationships emerged (Korhonen, Luostarinen and Welch, 1996).

However, in time, the notion that social and business networks are relevant in international trade relationships received attention (Rauch, 2001). These authors observed that finding export partners and even becoming aware of potential demand within a given market was dependent on knowledge transmitted through personal networks of firm managers (Rauch, 2001). These networks, commonly consisting of existing familial and social relationships and professional relationships supported through diasporic movements of groups from the firm's home country, provided knowledge about local conditions and demand that partially made up for the lack of resources that SMEs must struggle against (Rauch, 2001). Thus, the importance of networks for export-oriented internationalisation could not be overstated.

This research takes on a network perspective of internationalisation, which is particularly suited to the internationalisation activities of SMEs and the establishment of export networks. This perspective takes into account the specific case of exporting through agents or directly and considers the importance of existing relationships between firms and individuals that are used to create and develop exporting relationships.

2.6 The Network Perspective of Internationalisation

Another significant element or study area of internationalisation research is the networks or relationships concept (Coviello and Munro, 1997; Ibeh, 2006). The network perspective takes up where the I-model and U-model leave off, elaborating on the role of external relationships and network formation in internationalisation.

The network perspective of internationalisation is recognised as both alternative and complementary to the traditional internationalisation literature (Ruth, 2008). Although the network perspective does not ignore the concept of incremental internationalisation, it proposes that the process is much more complex and less structured (Bell, 1995). According to Ruth (2008), stage models focus on individual firms, while the network perspective emphasises the context a firm is operating in. This fundamental model does not necessarily eliminate the usefulness of the stage model to understanding network relationships, but the problem is that information about network relationships at different stages of internationalisation is very limited. As stage models are regarded as an “internally-driven approach to internationalisation” by Coviello and Munro (1997, p.130), the network perspective concentrates on the external drivers of the process (Ruth, 2008). In fact, a firm’s formal and informal network relationships will provide access to resources and legitimacy, and reduce transaction costs. Consequently, this offers internationalisation opportunities (Ruth, 2008). Arguably, the network perspective indicates that a firm’s internationalisation progress is largely dependent on its networks (Axelsson and Johanson, 1992). This perspective is especially useful for this research because it broadens the resources SMEs can draw on, potentially expanding their opportunities for exporting/internationalisation.

To this point, models of internationalisation have been examined. These models are useful for explaining the internationalisation of the firm from the internal resource and learning perspective particularly. However, in the case of an SME, it is unreasonable to assume that the organisation can or is inclined to devote significant resources to export development and market knowledge. Instead, firms are likely to be drawing on resources outside their own boundaries as a means of internationalisation, since they lack the large stocks of resources and capabilities of larger firms. Interorganisational networks will be dealt with in this dissertation. The next section will define and conceptualise interorganisational networks.

2.7 Defining and Conceptualising Interorganisational Networks

Interorganisational networks involve firms creating and maintaining relationships with other businesses and organisations (Farinda et al., 2009). Relationships within the networks can provide a lot of benefits to organisations. These alleged benefits involve gaining more stakeholders such as clients, suppliers, shareholders, workforce, and

business associates. In addition, technical and market knowledge can be acquired from the networks to help business development (Farinda et al., 2009). Similarly, Gurrieri and Petruzzellis (2006) state that inter-firm cooperation assists knowledge transfer. Additionally, Gurrieri and Petruzzellis (2008) argue that the network approach emphasises the relationships between firms and individuals. These concern production, distribution and the use of goods and services. Cooperation in the networks can be seen in two ways - vertical and horizontal.

They explain that the first one occurs within the supply chain while the second is recognised when there is no direct competition. Gurrieri and Petruzzellis (2008) assert that SME's vertical relationships can alleviate size limitations and can provide all involved parties with benefits. In other words, it reduces resource constraints on SME internationalisation. In addition, networking is claimed as one of the most effective means of accomplishing development and profitable performance. Additionally, networks lead to linkages of the overall supply chain. For instance, raw materials and specialised equipment are offered by upstream suppliers, while downstream customers act as an intermediate link. Interorganisational networks involve both domestic and international relationships. Most studies concern the effects of both networks on firms doing business.

Some studies focus on either domestic or foreign networks, but it is rare that studies examine the relationship between the two. For example, Alon (2004) concentrates on domestic networks. The researcher claims that because of a lack of resources, local relationships between firms provide real resources for SMEs where information, knowledge, and support services are shared by partners in local markets (Meyer and Skak, 2002). On the other hand, Fenwick and Cieri (2004) emphasise international interorganisational networks (IIONs). Domestic and overseas networks are very useful for firms; therefore, studying both types of networks should be logical. Although involving in interorganisational networks offers firms many benefits, some risks may occur such as the loss of a firm's valuable information or assets which are make up a firm's competitive advantage. Therefore, relationships with other organisations need to be appropriately determined.

Sydow and Windeler (1998) address three characteristics of interorganisational networks. Firstly, the establishment of a network is associated with relationships

developed between legally separate organisations. Secondly, networks are viewed as “theory-in-use” for managers (Argyris and Schon, 1978) instead of an analytical concept only employed by academics. Thirdly, interorganisational networks involve a “logic of exchange” (Granovetter, 1985). Provan, Fish and Sydow (2007) define interorganisational networks as the connection of three or more organisations to achieve a common goal. This definition is slightly different from others which relate to the relationships between at least two organisations. Provan, Fish and Sydow (2007) also indicate that all definitions of interorganisational networks involve social interaction, relationships, connectedness, collaboration, collective action, trust and cooperation. In addition, a network is viewed by Brass et al. (2004) as “a set of nodes and the set of ties representing some relationships between the nodes” which is in a very general view of the concept. On the other hand, Podolny and Page (1998) refer to interorganisational networks as types of cooperation such as joint ventures, strategic alliances, collaborations and consortia. This definition is not the one with regard to interorganisational networks which is used in the review. Because exporting is the focus, other modes of entry such as joint ventures in this case, are not relevant to the review.

On the other hand, some researchers have analysed interorganisational networks by comparing social and legal issues. For instance, Barringer and Harrison (2000) state that interorganisational relationships and networks are groups of organisations established through social contracts or agreements, rather than legal contracts. Similarly, Alter and Hage (1993); Jones, Hesterly and Borgatti (1997) support the view that the relationship is mainly associated with social contracts even though legal contracts might be seen in a network. Grabher and Powell (2004) claim that whatever interorganisational networks are focused on, it is developed in order to improve the competitive position and to decrease uncertainty.

Therefore, according to the review, there are two types of interorganisational networks of relevance for this thesis. These are formal and informal networks (Chetty and Agndal, 2007; Indarti and Langenberg, 2004; Lin and Zhang, 2005). While these networks have different origins, they do have some shared characteristics. For example, Provan, Fish and Sydow (2007) indicate that the networks may be informal and based fully on trust or may be based on formal contracts. Thus, understanding the role of both formal and informal interorganisational networks is important for this

study. It is also an important point of departure for this study, since it highlights potential differences in formation and use of such networks.

2.7.1 Formal Interorganisational Networks

A formal interorganisational network or strategic network according to Jarillo (1988) might be based on previously informal relationships, or established for a particular purpose. A firm's relationships with organisations such as industry associations, special interest groups and export groups (Chetty and Agndal, 2007) are formal interorganisational networks. In addition, government-supported networks for a specific aim such as export promotion (Welch et al., 1998; Chetty, 1994) and organising training programme (Chetty, 2004) are also forms of formal interorganisational networks. Kogut (2000) reveals that a formal interorganisational network is sustained through formal contracts, rules and regulations. On the other hand, Farinda et al. (2009) view creating and maintaining relationships with other businesses as involving interorganisational networks. This definition is a relatively broad one and that which is used in this review. It includes a firm's relationships with organisations, clients, suppliers, distributors, other SMEs, large firms, universities and private and public research institutes. In the case of Thai food exporting SMEs, their relationships with Thai restaurants operating in foreign countries are important. The relationships may be created by previously informal relationships with Thai expatriates involving restaurant businesses overseas. Thus the networks can facilitate the SMEs' foreign market exploitation. This research will study formal interorganisational networks through the lens of government, educational, and cooperative business institutions and business organisations, as well as supplier and partner relationships.

2.7.2 Informal Interorganisational Networks

Informal interorganisational networks emerge as part of the consequence of interaction between firms and other organisations (Coleman, 1990). Cross, Nohria and Parker (2002) view informal networks as relationships between individuals from different functions within an organisation. On the other hand, Janowicz- Panjaitan and Noorderhaven (2008); Jewels, Underwood and de Pablos (2003) argue that networks can be considered as relationships between individuals of different organisations or formal structures. This definition of informal interorganisational networks seems to be

more reasonable than the former, and will be used in this review. Many participants may be embraced within informal interorganisational networks. These can be members of enterprises, universities, private and public research institutes, industry associations, government agencies, etc. Information and technology, especially knowledge for example, can be transferred between these actors (Schwartz and Hornych, 2010). Furthermore, Alter and Hage (1993) suggest that reciprocal norms and trust can maintain an informal interorganisational network.

West (2006) reveals the difference between formal and informal interorganisational networks. The formal ones involve relationships based on a formal contract. People from different organisations can get to know each other, then informal interorganisational networks can be developed. In turn, current informal ones bring about more formal cooperation. Chen and Chen's (1998) study suggest that formal and informal interorganisational networks are not completely separated because they overlap and are intertwined with each other, as well as change over time. This conforms to Johanson and Mattsson's (1988) finding that investing in relationships within formal interorganisational networks commonly contributes to informal interorganisational relationships over time. However, this definition does have some ambiguity, which is discussed below, since the relationships of formal networks and informal networks can form from the same personal relationships and connections. Thus, considering these network types as points on a continuum, rather than a dichotomous division, is probably a helpful model for this study. For this study, informal networks will be considered as friends, family, and other informal contacts.

2.7.3 Trust as a Relational Dimension of Social Capital in Networks

For interorganisational networks to work, "trust" is widely discussed by several researchers (Bouty, 2000; Akkermans, 2001; Batenberg and Rutten, 2003). As mentioned earlier, some risks may occur from engaging in interorganisational networks, such as the loss of a firm's secrets which may be a source of its competitive advantage. Therefore, relationships with other organisations need to be appropriately determined. Trust is broadly considered as being important for maintaining relationships. Trust is viewed as a strategic competitive factor (Kenny, 2009) since the network perspective is unlikely to be efficient without trust (Eberl, 2004). Nevertheless, the views of individuals trusting an organisation, and organisations

trusting each other are involved. Mayer, Davis and Schoorman (1995, p.712) define trust as:

“... the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the truster, irrespective of the ability to monitor or control that other party”.

There are several ways that trust can be developed and reinforced, including increasing the frequency of interaction, balancing dependencies, increasing the multiplexity of relationships, improving cooperation and encouraging a culture of trust (Eberl, 2004).

Bouty (2000) asserts that trust is important for interpersonal relationships in interorganisational networks. Moreover, trust is seen as an important component for effective collaboration (Nooteboom, Berger and Noorderhaven, 1997). Young-Ybarra and Wiersema (1999) also support the view that interorganisational networks may be unsuccessful without underlying trust. In addition, Akkermans (2001) states that mutual understanding and trust help in the accomplishment of interorganisational collaboration. Likewise, Batenberg and Rutten (2003) view trust between organisations as one of the critical success factors for a network. Lane and Bachmann (1996); Bachmann (2001) propose that interorganisational trust is reliant on the institutional frameworks which involve legal frameworks such as contract and property laws and socio-cultural background (Child and Möllering, 2003). In addition, Das and Teng (2001) reveal that interorganisational relationships are often associated with interdependency and subsequently with vulnerability. Therefore, trust within interorganisational networks should be necessary to obviate the risks.

Williamson (1993) both introduces and complicates the notion of calculative trust, or trust as a tool of opportunistic risk management. He notes that this model of trust is based on an assumption of rational, self-interested and opportunistic actors that does not match the observed development of trust relationships within a society (Williamson, 1993). Instead, he argues that institutional trust introduces some degree of calculativeness (risk reduction), but that personal trust is based on personal relationships; thus, the correlation of risk and trust in general is inaccurate. This is an important consideration for this research, since it is possible particularly in informal interorganisational networks that personal trust, rather than institutional trust, is at play. Williamson's (1997) model of organisational trust is important because it

demonstrates some of the ways in which firms may begin to trust each other, as a combination of calculative trust (opportunistic risk assessment) and personal trust between principals of the company. The formation of trust between trading partners was a question of interest in this study, because it is critical for SMEs operating in markets where it may have little local knowledge.

Although cooperation is considered advantageous, disadvantages are taken into account by several scholars. The possibility of opportunistic behaviour is concerned in internationalisation which associates with the duration and complexity of the relationships involved (Williams, 2007) . Initially, partners from different organisations have different goals, personalities and institutional backgrounds. In addition, they may know little about each other. As a result, trust is considered to be the most difficult though vital aspect of international cooperation (Child, 1998). In the same sense, Wicks and Berman (2004) assert that trust should only be utilised when necessary, as it is a costly governance mechanism. According to these authors, institutional, industrial and sociocultural norms increase interorganisational trust, which in turn influences investment decisions and performance outcomes (Wicks and Berman, 2004).

On the other hand, another group of scholars view trust as an important factor for successful relationships. For example, Lane et al. (2001) maintain that mutual trust assists in the sharing of information and reducing firms' tendency to engage in opportunistic behaviour. Similarly, Selnes and Sallis (2003) propose that trust in interorganisational relationships not only diminishes costs and opportunistic behaviour, but also boosts relationship investments, communication and performance. In addition, trust is regarded as one of a potential partner's fundamental qualification. Harvey and Lusch (1995) recommend that other than goal compatibility and performance, trust is an important indicator with regard to partner selection. Therefore, trust context influences the relationship between trust and network performance (Kenny, 2009) . Given Williamson's (1993) insights into interpersonal and organisational trust, it should be concluded that trust will develop in different ways within interorganisational networks, and could influence the interaction of firms and partners depending on the nature of the relationship. Thus, Kenny's (2009) contextual argument is particularly important for this study, since not all firms will have the same

trust context with their partners. This research will focus on formation and development of trust between partners.

Trust is critically important to internationalisation because it influences the formation of the relationships that firms draw on while internationalising. For example, according to the Uppsala model, foreign market entry is a gradual process with relationship interaction and development influencing it (Johanson and Vahlne, 1990). This model of internationalisation implies the formation of trust relationships. Due to greater geographic and psychical distances between parties, long-term relationships, normally based on trust, reinforce the development of firms' international business activities (Kenny, 2009). Wilson and Mummalaneni (1990) focus on face-to-face encounters with members of networks such as potential partners and customers, while business representatives assist SMEs to gain insight into potential markets as well as start building trust. In summary, trust is important for development of relationships and cooperation between firms. However, the actual extent of calculative trust, as conceptualised under models of trust as risk reducer, is likely to vary widely depending on the context of trust development and the relationship between the principals.

2.7.4 Ambiguity of Typologies of Networks

From the literature review, it can be seen that the typologies of networks appear to be vague. The term "formal networks" tends to be straightforward. The term used in many research projects is "formal interorganisational networks", which tend to be top-down, institutionally driven and long-lasting (for example relationships between firms and government agencies). In contrast, "informal networks" are ambiguous. For example, the "informal networks" mentioned by many scholars refers to interpersonal networks, while informal networks will be "informal interorganisational networks" in this current investigation. Ma, Yao and Xi (2009), for instance, simultaneously examine the effects of interorganisational networks and interpersonal networks on a firm's competitive capabilities. They view relationships between the focal firm and its collaborators as interorganisational networks. It seems that the researchers consider the term "interorganisational networks" as being only "formal interorganisational networks". In addition, the CEO's interpersonal relationships with the CEOs of these collaborators are considered as being interpersonal network characteristics in their study. Informal networks can be described as bottom-up, based in personal relationships and potentially limited in scope and durability. However, these network

relationships may exist on a continuum; for example, a formal customer-firm relationship may emerge from an informal relationship between two firm principals.

However, this can be defined as “informal interorganisational networks” according to many studies such as those of Janowicz-Panjaitan and Noorderhaven (2008); Jewels, Underwood and de Pablos (2003); Schwartz and Hornych (2010). To conclude, the term informal interorganisational networks used in this current study will mean interpersonal networks between people in different firms or members of different formal structures which, in turn, will bring about contractual cooperative agreements. Another example of confusion is the concept of networks defined by Birley (1985). This researcher defines “formal” networks as relationships related to sources of finance, while “informal” networks are relationships between business actors, friends and family members. On the other hand, Dubini and Aldrich (1991) consider relationships between all employees of each firm as formal relationships, whereas relationships with all persons the firms can contact directly are regarded as personal (informal) networks.

In addition, a number of authors categorise networks into two types in the form of business and social networks (Ruth, 2008). Some scholars even consider an institutional network as a type of network influencing internationalisation (Hadjikhani and Ghauri, 2001; Welch and Wilkinson, 2004; Yiu, Lau and Bruton, 2007). Business networks, referred to as industrial networks, are regarded as formal relationships with suppliers, customers and competitors (Johanson and Mattsson, 1985, 1988; Forsgren, Holm and Johanson, 2005; Johanson and Vahlne, 2003, 2006). Institutional networks involve relationships with government officials, banks and financial institutions, universities, industrial association and public and private support agencies (Hadjikhani and Ghauri, 2001; Welch and Wilkinson, 2004; Yiu, Lau and Bruton, 2007). On the other hand, social networks are recognised as relationships with family, friends and ethnic groups which are likely to impact on a firm’s internationalisation process (Yli-Renko, Autio and Tontti, 2002; Presutti, Boari and Fratocchi, 2007). Indeed, business network and institutional networks are considered as “formal” interorganisational networks as defined in this dissertation. On the other hand, social networks are recognised as “informal” interorganisational networks in this review. However, these are not hard and fast categories, and it is clear that there is likely to be overlap between the two network types. This research will not focus on a single form of network, but

instead will consider networks as a flexible continuum formulated based on the specific circumstances of the firms.

2.8 SME's Benefits from Interorganisational Networks

As addressed above, SME's resources are limited. Interorganisational networks are considered by many researchers as providing SMEs with advantages. These include resource acquisition, increasing the speed of international expansion, and minimising risk. For instance, Beamish (1999); McNamee, Greenan and McFerran (2000); Bell, Crick and Young (2004) find that networks can make up for SME's resource limitations. Technical and market knowledge can be acquired from the networks to assist business development (Farinda et al., 2009). Some studies concern vertical interorganisational networks. For example, Christensen and Lindmark (1993); Kauffmann (1994) argue that due to their scarcity of resources, proficiencies and technologies, SMEs rely on those of their suppliers, distributors and customers in their networks or in their vertical networks. In addition, SMEs have more access to suppliers and employees, specialised information, public institutions etc. Consequently, firms' productivity can increase (Gurrieri and Petruzzellis, 2008). Moreover, Zhou, Wu and Luo (2007) cite that networks play a significant role on firms' performances because networks generate three important sets of information including foreign market knowledge, experiential learning and guidance and trust and reliability.

In addition, both domestic and international networks are crucial for SME's foreign market access and exploitation. Local network relationships can facilitate SME's foreign market access which can possibly bring about joint activities. These would support firms in terms of establishing competitive advantages (Grant, 1996) which results in their ability to compete in foreign markets in the long run. Additionally, interaction with, for example, alliance partners and local suppliers, provides useful information such as other firms' product development, markets, customers, and competition (Dodgson, 1991). Moreover, new ventures require close interaction with multiple international market stakeholders (Oviatt and McDougall, 1994). It is likely that stakeholders who are part of a network, are very important for firms competing in foreign markets, because this should facilitate technological and knowledge exchange within networks. Then firms would be able to create their international business strategies.

Networking is an efficient way to facilitate SMEs doing business internationally faster and more beneficially and allowing them to respond to global supply chain networks (Zhou, Wu and Luo, 2007). Moreover, risks are minimised when engaging in a network. Cooperation can alleviate risks when firms expand internationally. Small firms tend to form alliances when entering foreign markets in order to benefit from economies of scales and increased scope (Gomes- Casseres, 1997). Farrell and Klemperer (2003) affirm that networks result in demand-side economies of scale. Therefore, the cost can be diminished, thus minimising risks. In addition, SMEs can overcome the scarcity of resources such as capital, equipment and other tangible assets by sharing these among firms involved in a network (Lu and Beamish, 2001). This also supports the view that networks or relationships can assist SMEs in terms of sharing risks. Besides, Grabher and Powell (2004) claim that, whatever networks are focused on, they are developed in order to improve a firm's competitive position and to decrease uncertainty.

There are a number of problems which mean that firms should not completely rely on their existing interorganisational networks (Porter, 1998; Uzzi, 1997; Zhang, 2010). For example, this could limit flow of information and resources from other networks. It could also demand a high resource level for maintenance (Hansen, 1998). Structural change within an interorganisational network could also transform social capital from an asset to a liability (Uzzi, 1997). This research will use existing information on interorganisational networks, including their benefits and risks, as a starting point for understanding how SMEs export/internationalise with the assistance and resources of its network partners. Next, we examine the role of interorganisational networks in SME foreign market entry.

2.9 Interorganisational Networks and SMEs' Foreign Market Entry

Networks have been taken into account by several scholars when studying SMEs' foreign market entry/access. Most of these researchers have paid attention to firms' foreign market selection and entry mode choices. Lindqvist's (1988) writing reveals that international market growth patterns and the entry mode selection are affected by close relationships with customers. Network relationships can also influence internationalisation decisions like entry mode choice and market selection (Coviello and Munro, 1997). This study shows that New Zealand-based software firms are influenced by their formal and informal networks regarding their access to psychically

close markets and the entry mode to be used. Similarly, Coviello and Martin (1999) indicate that formal and informal relationships are important for firms' initial market selection and choice of entry mode to geographically proximate markets. Similar to these earlier research projects, Moen (2004); Zain and Ng (2006) assert that network relationships affect small software firms' entry modes and market selection.

However, there are a number of disagreements with regard to network influences on foreign market entry. For instance, although Bell, Crick and Young (2004) assert that relationships with clients influence "knowledge intensive" firms' market selection and entry strategies, they express the view that "traditional firms", especially food and drink sector cases, are relatively little affected by the network relationships. While Ojala's (2009) study of Finnish software SMEs found that entering a psychically distant market is not affected by existing business relationships but by strategic reasons. Firms may also have operational factors in decisions; for example, Bell (1995) showed that small software firms' choice of entry mode was influenced by product complexity, not interfirm relationships. In addition, Sharma and Blomstermo (2003) argue that the market and client's requirements influence the entry mode choice. These oppose Johanson and Vahlne's (1992) finding that firms which successfully enter foreign markets are propelled by social exchange processes, interactions and networks, rather than due to strategic decisions or market research.

From the review, studies regarding how interorganisational networks facilitate/reinforce SMEs' foreign market entry to exploit market opportunities remain largely unexplained. In addition, there is inconsistency in the literature about the network effects on foreign market entry. Furthermore, the industries investigated tend to be knowledge intensive. Therefore, it would be useful to study how the networks facilitate foreign market exploitation of light industries such as the food industry.

2.10 Resource Based View

According to Matanda and Freeman (2009), the Resource Based View (RBV) has been increasingly recognised as a major theory in the export performance literature. This paradigm suggests that a firm obtains and maintains a competitive advantage by exploiting valuable resources and capabilities (Ray, Barney and Muhanna 2004; Akhter and Robels, 2006). In other words, the RBV provides a theoretical foundation that several types of resources are vital for a firm's overall competitiveness and

performance (Roxas and Chadee, 2011). Chmielewski and Paladino (2007) state that a firm will succeed or fail depending not only on its specific resources and capabilities, but also on the attractiveness of the market in which the firm is operating. This research assesses the application of the RBV to SME exporting/ internationalisation.

Barney, Wright and Ketchen (2001); Westhead, Wright and Ucbasaran (2002) suggest four characteristics of a firm's resources and capabilities when it comes to sustaining a competitive advantage. These attributes include valuable, rare among a firm's competitors, difficult to imitate and distinct, and no equivalent substitutes. Similarly, Wilkinson and Brouthers (2006) support the view that firms will be able to sustain an advantage if their competitors cannot obtain and utilise similar or substitute resources and capabilities. Arguably, Chmielewski and Paladino (2007) assert that as lack of certainty in an international business environment is higher, firms' resources and capabilities are recognised as the major source of sustainable competitive advantage, as well as significantly influencing their export performance level (Srivastava, Fayey and Christensen, 2001).

There have been attempts throughout the last 10 years to improve the RBV theory and include the RBV in marketing research. As a result, this complements the export marketing literature (Zou, Fang and Zhao, 2003). This conforms to many scholars' proposals that the RBV should underpin the development of theory in export strategy research (Dhanaraj and Beamish, 2003; Wilkinson and Brouthers, 2006). However, simply using existing resources and capabilities will not help the firm sustain competitive advantage (Eisenhardt and Martin, 2000). Another problem is that SMEs typically have high commitments for their existing resources, particularly their scarce human resources, and may not be able to gain outside resources like financing as easily as larger firms (Coviello and McAuley, 1999; Lu and Beamish, 2001). Firms can use strategies like networking to overcome these limitations, but they still have to deal with or rearrange existing commitments to domestic markets in order to internationalise (Tang, 2011). Therefore, in order to be more competitive, how firms' new skills are developed when environments change, which is part of a firm's dynamic capabilities, is important (Cepeda and Vera, 2006). Eisenhardt and Martin (2000) claim that other than product development and strategic decision making for example, relationships or alliance management are also considered as dynamic capabilities. Recent research on RBV such as that of Galbreath (2005), Armstrong and Shimizu

(2007), Newbert (2007), Chrisholm and Nielsen (2009) and Locket et al. (2009) increasingly emphasise intangible resources being the basis for developing a competitive advantage.

2.10.1 Social Capital

Social capital is one of the intangible resources that have been identified as a route to sustainable competitive advantage (Roxas and Chadee, 2011). Recently, several researchers have stated that firms do not solely run their businesses. In addition, they engage in network relationships (Ma et al., 2009; Manolova et al., 2009; Walter, Auer, and Ritter, 2006). Social capital is able to be created by relationships with organisations and individuals, which firms can use to create sustainable competitive advantage for the firm (Lages et al., 2009; Westlund, 2006). Firms can use social capital as a means of accessing the strategic resources they would not otherwise have available.

Many pieces of social capital research have indicated that actors such as firms engaged in a network are likely to gain advantages from their social structures, networks and membership (Davidsson and Honig, 2003; Chrisholm and Nielsen, 2009). Interorganisational networks and personal relationships of firm owners and managers are a focus of social capital research. A number of authors have investigated how these relationships bring valuable resources to the firm, which can then generate sustainable competitive advantage (Ainuddin, Beamish, Hulland and Rouse, 2007; Bonner, Kim and Cavusgil, 2005, 2007; Ellis, 2010; Ma, et al., 2009; Newbert, 2007). For example, social capital allows firms to capture strategic information that can be used to reduce transaction costs of information exchange (Bonner, et al., 2005; Luo, 2003). Social networks or informal interorganisational networks can also increase knowledge and information flow, which allow the firm to make proactive decisions (Luo, 2003; Walter, 2006). The firm can also build skills, capabilities and market knowledge and identify business or innovation opportunities through these information flows (Kale, Singh and Perlmutter, 2000; Walter et al., 2006).

2.10.2 SMEs' Resources and Internationalisation

The resource based view of internationalisation claims that a firm's resources and capabilities and the environment influence a firm's major decisions such as with

regard to market selection and product-market strategies (Bell et al., 1998). If the firm fails to take into account their resources and capabilities or the business environment, it is likely that their export efforts will fail when they cannot capture market share in the new market or they overextend their resources (such as financial resources) (Bell et al., 1998). As mentioned earlier, the possession of valuable and unique resources - both internal and external (Phiri, 2003) - as well as the managerial capability deploying these resources, can lead to a firm sustaining a competitive advantage (Wernerfelt, 1984; Fahy and Smithee, 1999). However, OECD (2009) reveals that significant weaknesses of SME in terms of internationalisation are a lack of resources, especially managerial knowledge about internationalisation and finance, and international contacts. As a result, SMEs may decide to internationalise via their interorganisational networks, as they can access the external resources controlled within the networks (Chen, 1996; Crick and Spence, 2005). Consequently, their performances in foreign markets can be improved (Lin and Lawton, 2006). In the same sense, Hsu and Pereira (2008) opine that firms attempt to exploit valuable resources through international expansion.

From the review, there are two points of view regarding SMEs' resources and internationalisation. First, one view is that resource shortages are a barrier to SMEs in terms of internationalisation. Normally, SMEs are regarded as resource-constrained (Knight, 2000; Hollenstein, 2005) especially in terms of financial and human resources which are vital when internationalising (Coviello and McAuley, 1999). Kenny's (2009) view also conforms to the point that a dearth of resources restricts SMEs' opportunity identification in foreign markets, as internationalisation requires information, an important resource, and efficient planning. Indeed, the lack of resources is debilitating for firms when it comes to internationalisation (Eriksson et al., 1997).

Second, internationalisation is regarded as a means of solving SMEs' resource scarceness. Hessels (2008) points out that resource-constrained SMEs may decide to pursue foreign markets in order to overcome their internal resource scarcity. The researcher finds that internationalisation facilitates SMEs with regard to accessing capital, technology, and know-how, all of which are normally rare. Hessels (2008) suggests that resource shortage and the internationalisation of a firm should be integrated in existing theories emphasising a firm's internationalisation.

While these points are important, it is also important to remember that SME resources, like the resources of larger firms, *are* dynamic, not static, particularly in the long term. SMEs can reprioritise their activities in order to reassign existing resources (Lu and Beamish, 2011). For example, a firm that is not performing well in the domestic market could seek out an international market where their product may have higher demand. Firms can also access resources from networks; for example, network firms can access human resources, capital and local knowledge from network partners to enter new markets or engage in other activities (Tang, 2011). Firms can also choose to develop resources that will help internationalisation if this becomes a priority (Coviello and McAuley, 1999). Thus, resource constraints for SMEs are not insurmountable, but should be considered a short-term barrier that can – if the firm places enough priority on internationalisation – be overcome.

2.11 Internationalisation through Networks and Network Learning

Axelsson and Easton (1992) argued that firms, like people, are embedded in formal and informal networks. Members of these networks can include customers and suppliers, other organisations such as government, family and friends, other businesses, and even competitors. The networks rely on social exchanges and interdependency of resources as a means of maintaining and improving the performance of firms (Axelsson and Easton, 1992). Indeed, firms engage in both formal and informal interorganisational networks as defined in this review. Coviello and McAuley (1999) claim that several network members affect firms' internationalisation, activities and behaviour. This view supports that of Johanson and Vahlne (1990, p. 12) who state that the network perspective provides a “more multilateral element” to internationalisation. Sharma and Johanson (1987) consider relationships as “bridges to foreign markets” and provide firms with internationalisation opportunities and motivation.

Regarding the context of relationships, Johanson and Mattson (1988) propose that a firm's networks in current markets influence its success in entering new foreign markets. Lindqvist (1997) mentions that previous international experience which a firm gains through international networks, results in the firm's rapid expansion. Moreover, SMEs are largely dependent on networks at an early stage of their internationalisation, since they assist firms in gaining market knowledge (Lindqvist, 1997). A number of private and public organisations assist SMEs by positioning them

in networks. For example, several activities are undertaken by trade associations and government bodies in order to facilitate contacts between domestic and foreign entrepreneurs, as well as encouraging the establishment of networks (Welch et al., 1997; Spence, 2000).

Interorganisational learning in interorganisational networks involves long-lasting business relationships, facilitating knowledge acquisition from other members in the network concerned (Lane and Lubatkin, 1998; Andersson et al., 2001). Actually, access to networks of business relationships enables firms to learn from other organisations (Forsgren, 2002). Therefore, the research argues that the internationalisation process is not always as slow as predicted by the Uppsala model, as experiential learning can occur not only by a firm performing its own activities, but also through the embedded networks. Thus, Van de Ven (1992) views internationalisation as a multiple rather than a unitary progression. A wide range of the literature studies how firms gather the required knowledge and expertise (Chetty and Campbell-Hunt, 2003).

Supplier- customer relationships for example, allow both parties to develop the required knowledge and capabilities about each other, as well as to construct new knowledge (Johansson and Mattsson, 1988). Argyres (1996) argues that firms need to seek new solutions and enhance their abilities when entering new markets as they are likely to face new customer needs and technology requirements. Moreover, Barkema et al. (1996) find that a firm benefits more from its prior experience with customers in a country when it expands within the same country. Their finding conforms to that of Johanson and Vahlne (1977) which considers “experiential knowledge” as being vital when it comes to successfully boosting expansion within the same country.

There is limited empirical information about the role of network partners and interorganisational networks on SME exporting (Sousa and Bradley, 2009). As these authors noted, although it makes intuitive sense that network partners can play a critical role in SME export success, empirical research is limited. Their study of international SMEs (n = 287) examined the roles of two different types of network partners – export assistance programmes and distributor support. Export assistance programmes are government programmes that are designed to help SMEs export their

products, typically by providing resources, including market knowledge and intelligence, contacts and specialist assistance, and financial support, such as credit facilities (see, for example, Bennett, 2014). Distributor support includes interaction and communication between the firm and its foreign distributors. Sousa and Bradley (2009) found that export assistance and distributor support were both significant factors in SME's export performance. This does confirm the intuitive understanding of the importance of two distinct network partners – distributors and export assistance programmes – which has been assumed but has not been tested previously (Sousa and Bradley, 2009). However, empirical evidence for other network partners is limited, which offers an opportunity for further research.

The next section of this review will consider studies of exporting on the part of SMEs.

2.12 Studies of SMEs' Exporting

The studies of firms' export behaviour can be categorised into two groups. These are exporters' characteristics in different stages of export development, and the difficulties they meet (Yang, Leone and Alden, 1992). For example, Bilkey and Tesar (1977) express the view that firms in different stages have different characteristics, exporting perceptions, and export management needs. Another group of researchers are concerned with the relationships between several variables and export behavior, especially factors influencing an entrepreneur's export decisions. These factors include attitudes towards exporting, export barriers, and business objectives. In addition, many studies which have examined SME export performance and capability, have attempted to recognise the international trade determinants. While external factors are relevant to SME exporting decisions, internal factors are as or more relevant (Nguyen, Ghatak and Daly, 2006). The internal factors include a firm's structure, operations and decision makers. It has been claimed that these are associated with the ability of the firm to exploit export opportunities. Similarly, Gurrieri and Petruzzellis (2008) reveal that export performance is also affected by firms' structural and organisational characteristics. Moreover, Aaby and Slater (1989); Leonidou (1998) remark that most researchers claim that institutional performance, local conditions and firms' strategies impact on their international performance.

Firm size also has a role in export decisions and export intensity (Bonaccorsi, 1992; Gemunden, 1991; Misenbock, 1998). These authors have demonstrated that firm size

is positively associated with export propensity, or the likelihood the firm will engage in exporting. Another factor is managerial characteristics, with positive relationships between exporting and factors such as the manager's education level (Axinn, 1998; Keng and Jiuan, 1989; Moini, 1998); the manager's age and language ability (Aaby and Slater, 1989; Kaynak and Kuan, 1993; Lautanen, 2000); and manager qualities such as attitudes toward exporting and ambitions (Bilkey and Tesar, 1997; Das, 1994). In contrast, there are few studies that address interorganisational networks, although Tomiura (2006) showed that export feasibility was dependent on interorganisational relationships, while Nassimbeni (2001) showed that consortium affiliation also affected exports. Thus, it can be stated that the firm's internal factors, like the firm and manager characteristics, have been studied widely. However, interorganisational and cross-boundary relationships like interorganisational networks have not been studied as widely. This leaves a gap in the literature that could be filled through study of Thai firms.

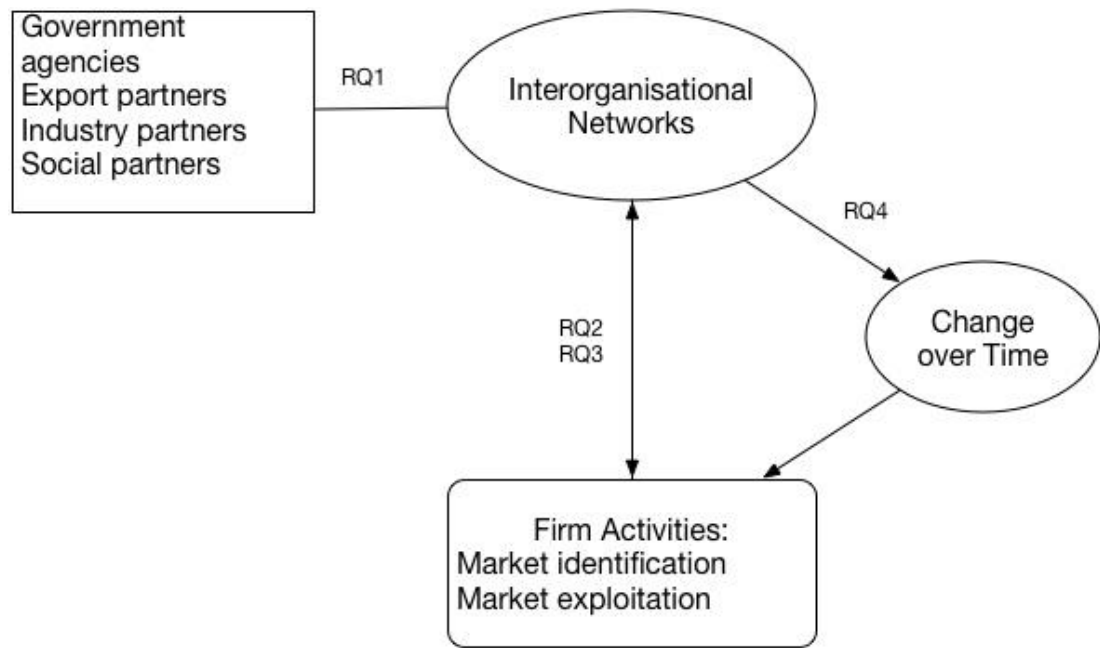
2.13 Research Questions and Conceptual Framework

Following this review and the identification of research gaps, this thesis will aim to investigate the role of interorganisational networks in foreign market identification and their exploitation by SMEs in Thailand. The specific questions are:

1. What are Thailand's interorganisational network structural characteristics in the food industry?
2. What roles do interorganisational networks play in Thai food SMEs' identification and exploitation of foreign markets?
3. How do Thai food SMEs' interorganisational network structural characteristics affect SMEs' foreign market identification and exploitation?
4. How does the relationship between Thai food SMEs and their interorganisational networks change according to their extent of exporting?
5. What are the implications of the research for the theories of networking in foreign market exploitation?

A conceptual framework (Figure 2.2) has been developed, demonstrating the relationships of these research questions and concepts.

Figure 2.2 Conceptual Framework of the Paper



2.14 Summary

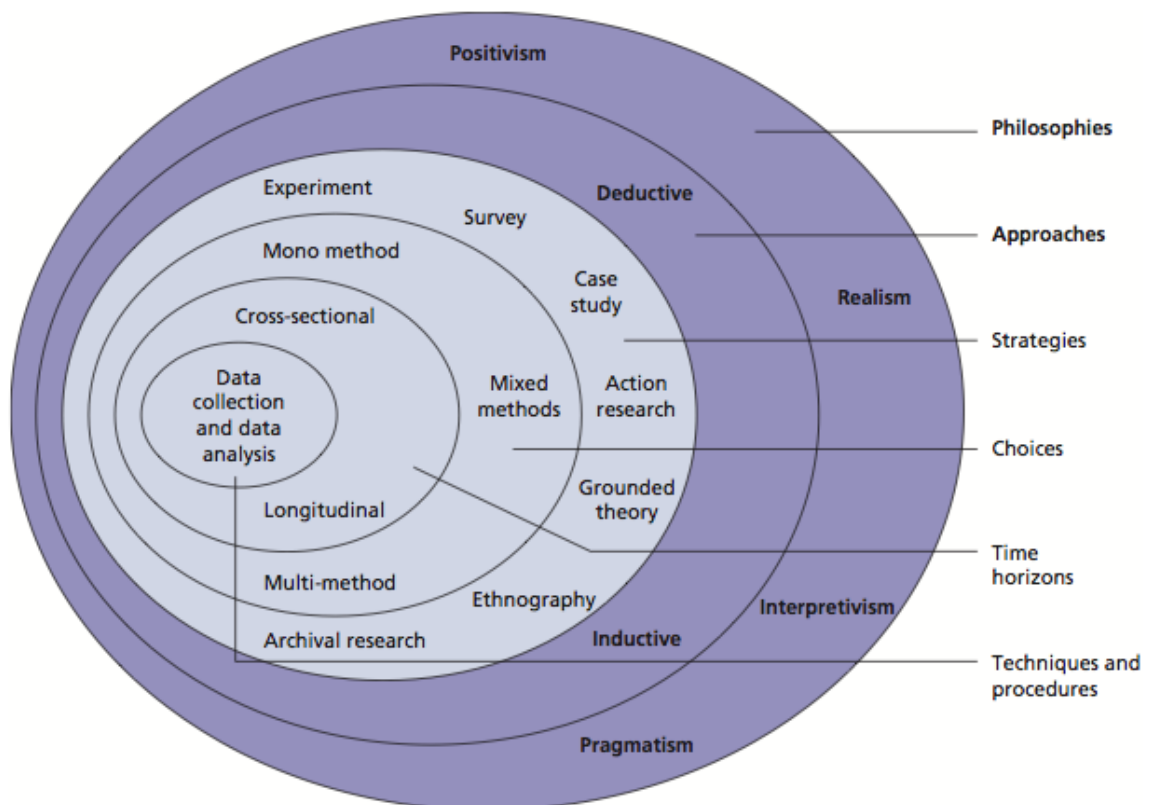
This chapter has examined the literature on SME exporting/internationalisation and the role of interorganisational partners in exporting/internationalisation for these firms. The literature has yielded several important insights for understanding the foreign market exploitation process of Thai SMEs. Traditional theoretical models such as the Uppsala internationalisation model (U-model) and the innovation-related model (I-model), along with new models such as the network perspective on internationalisation and the new internationalising firm model (or the “born global” model), provided different views on how, when, and why firms may internationalise. The U-model and I-model traditional perspectives have been time-tested, but are problematic in that they are oriented toward the internationalisation of large, established firms. The network perspective and born global model, in contrast, specifically address patterns of internationalisation pursued by younger firms with limited resources. The chapter has also examined the idea of the interorganisational network and its role in the operations of the SME. The interorganisational network, or network of organisations such as government institutions, customers, suppliers, universities, non-profits, and even competitors, is one of the main resources of the SME, since it provides knowledge, capabilities and other competitive advantages that the firm does not have access to within its own resource stocks. This could be important both from a resource-based perspective and from an innovation and learning perspective. Thus, the theoretical

model of internationalisation and interorganisational networks is well developed, but some gaps and ambiguities exist, particularly for SMEs undergoing network-driven internationalisation. This study will address these gaps in the context of Thai exporting SMEs.

CHAPTER THREE: RESEARCH METHODOLOGY

This chapter explains the research methodology chosen for the study and the reasons for the choices made. The design of the research methodology followed the research ‘onion’ framework, which organises the methodological design from the most general concerns (research philosophy and approach) to the most specific (techniques of data collection and analysis) (Saunders, Lewis and Thornhill, 2009). This model is shown in Figure 3.1. Some additional elements have been added for this chapter, based on the researcher’s assessment of the importance of issues like limitations and ethics, which are not addressed in the ‘onion’ model.

Figure 3.1 The Research Process ‘Onion’ Model



Source: Saunders, Lewis and Thornhill (2009, p. 108)

This chapter begins with discussion of the research philosophy. It then addresses issues including the research approach, research strategy, and time horizon. The chapter’s focus then turns to the pragmatic techniques and issues of the research. The population and sampling techniques, data collection techniques, and data analysis techniques explain how the research was actually conducted and what issues occurred here. The

final concern of the chapter is to address the limitations and ethical issues that arise from how the study was designed. This section reflects on the implications of the research choices made and how they affect the outcomes of the study.

3.1 Research Philosophy

The broadest issue of the research is the research philosophy, or the set of philosophical assumptions underlying the research design and how the research is conducted (Saunders, Lewis and Thornhill, 2009). The research philosophy is not a fixed set of assumptions, but is instead determined based on the intentions and goals of the research (Grix, 2010). The research questions of this study are concerned with the structure and roles of interorganisational networks in the Thai food industry, and their effects on and changes resulting from SME exporting. These are fundamentally questions that require not just delimitation, but understanding, and which are open to interpretation and explanation. Hence, this research uses the interpretivist philosophy, which is the classical philosophy of social science and humanities inquiry (Grix, 2010).

Selection of a research philosophy began by considering what kind of research questions the study was intended to solve. The goal of interpretivism is to explain causal mechanisms, rather than simply identify them (Lin, 1998). Interpretivism recognises that as humans, we live in a social world, and our perceptions, actions, and reactions are not simply a response to stimuli according to objective rules, but are instead the result of a complex and often poorly understood interaction between the external and the internal (Blaikie, 2007). Furthermore, these social meanings already exist and are constantly in the process of being interpreted and reinterpreted; the introduction of the researcher's viewpoint means that social meanings may be changed in the process of observation. Blaikie (2007) traces the origin of the interpretivist viewpoint to phenomenology and hermeneutics, two branches of non-objectivist philosophy that hold that social realities are constantly changing depending on the position of the observer. Furthermore, interpretivism argues that social phenomena are fundamentally different from natural phenomena, and may not be objective, concrete, or perceptible to everyone (Blaikie, 2007). Thus, the goal of interpretivist research is not establishing general rules or standard knowledge, but instead on developing *Verstehen*, a Weberian concept that implies understanding (Blaikie, 2007). It is only

on the basis of this phenomenological and hermeneutic understanding of the social world that meaningful social statements can be made.

The main alternative philosophy, positivism, is commonly used for scientific research and is directed toward discovery of causal mechanisms rather than their explanation (Lin 1998; Saunders, Lewis and Thornhill, 2009). In brief, positivism is an objectivist philosophy that posits that even social realities exist without difference in the perception of the actors; in other words, one individual perceives reality in the same way as another (Blaikie, 2007). Furthermore, positivism is value-neutral; the values the researcher holds are of no importance to the findings of the research (Blaikie, 2007). When applied to scientific research, this is a useful approach, since it means that any observer, using an appropriately standardised technique, can observe the same effect (Saunders, Lewis and Thornhill, 2009). However, in this researcher's opinion it is wholly unsatisfactory when applied to the social world. In particular, it does not allow for development of understanding of how different social worlds interact, how individuals perceive similar situations differently, or how individuals make decisions for their businesses based on what may be varying perceptions or understandings of the social reality.

Furthermore, it is clear that the perception of any observer in the researched situation will not be identical. For example, a business owner's perception is likely to be different than a bureaucrat's, because they have different knowledge or interest. Ultimately, the goal of this study was not to simply describe or define what firms were doing in the food export market, but to understand their network relationships, business decisions, and the implications of these decisions. Thus, positivism would not be an appropriate choice for this study. Instead, this study is clearly within the domain of the interpretivist paradigm and its emphasis on understanding.

The philosophical assumptions of interpretivism can be classified into assumptions of ontology, epistemology, axiology and methodology (Grix, 2010). The ontological assumption of interpretivism is that reality is subjective and perceived and interpreted in different ways by different people, and furthermore that it is to some extent socially constructed (or dependent on social realities and context) (Burns and Burns, 2008). The epistemological assumption of interpretivism is that knowledge is inseparable from the individual that knows it (participant and/or researcher) and cannot be

understood outside this context (Grix, 2010). This is referred to as a subjectivist epistemology. Another important difference between interpretivism and positivism is the axiology, or philosophy of values (Burns and Burns, 2008; Grix, 2010). Interpretivism assumes that the researcher and his or her values are inherently involved in the research, and furthermore that the findings are not value-neutral. Finally, interpretivism has an affinity with qualitative methodologies, or those that do not depend on standardised research instruments and quantitative analysis (Burns and Burns, 2008). This is because qualitative methods allow for the emergence and development of knowledge between researchers and participants in a naturalistic way, unconstrained by the strict limitations of quantitative research (Grix, 2010).

There are some limitations of the interpretivist philosophy. One of the most important limitations is that the generalisation of findings is limited (though not impossible) (Williams, 2000). There are ways that this limitation can be overcome, for example through the use of mixed methods (Williams, 2000). This research is intended to be specific to the industry and country studied. Thus, the ability to generalise is less important. The conceptualisation of research quality is also distinct from the positivist norms of validity and reliability, focusing instead on trustworthiness and credibility (Lin, 1998). This study has been designed with this issue in mind.

3.2 Research Approach

Following the establishment of an appropriate research paradigm for the study, the next step is to determine an appropriate research approach. The research approach refers to the relationship between theory and observation in the research study (Saunders, Lewis and Thornhill, 2009). As Saunders, Lewis and Thornhill (2009) explained, all research projects have a connection between theory (generalised statements about structures, relationships or processes) and observation (what can actually be seen in the research situation). The research approach defines these relationships. There are two main research approaches, including the deductive approach and the inductive approach (Saunders, Lewis and Thornhill, 2009), along with secondary approaches like retroductive and abductive research (Blaikie, 2009). Deductive research uses observations to test existing theories, through a process of establishing hypotheses and then assessing these hypotheses through the observation of the research phenomena (Blaikie, 2009; Saunders, Lewis and Thornhill, 2009). In contrast, inductive research is a theory-building approach, with observations being

used to construct and generate theory. Typically, deductive research is the approach of the natural sciences, associated with structured quantitative research. Inductive research is commonly used in the social sciences, and is associated with qualitative research (Saunders, Lewis and Thornhill, 2009).

This research uses an inductive research as its research approach. This choice was made for several reasons. One reason is the concern of inductive research for context and meaning of the observations (Blaikie, 2009). Inductive research takes into account the research context and seeks out connections between the context and the phenomenon under investigation, rather than assuming that the context will not influence application of an existing theory (Blaikie, 2009). This is contrasted to the deductive research approach, where the context is assumed to be less important because the theory is assumed to apply either universally or based on known rules (Blaikie, 2009). The assumption that a phenomenon like export practices, are universal or can have a single standard of theory applied does not take into account the complexity of export decisions, which are potentially influenced by multiple levels of context from the micro level (the business owner's or manager's own level of understanding and risk tolerance) to the macro level (global supply and demand movements for a given item). Thus, inductive research was more appropriate for this study simply from the perspective that this research demanded that the context of export decisions be taken into account.

Induction also allows for the exploration of alternative theories and approaches, which is not possible in deductive research (Saunders, Lewis and Thornhill, 2009). This makes the inductive approach much more suitable for the current situation than deductive research, since limiting the research to a single potential explanation would not result in a comprehensive or thoughtful understanding of the research. There are limitations of inductive research that need to be considered, including the validation of theories and explanations derived from the research and the generalisation of the findings (Blaikie, 2009). These issues have been addressed in the design of the study in order to control their impacts.

The use of an inductive research approach does not mean that the existing theory is meaningless or is unused (Monette, Sullivan and Dejong, 2013). While in some cases inductive research may be conducted without reference to existing theory (as in

grounded theory research), this approach is typically limited to situations where there is no existing theory or where existing theory has proved to be inadequate (Monette, Sullivan and Dejong, 2013). Instead, inductive research is commonly based on existing theory and informed by previous studies on the topic. The research for this thesis was conducted with reference to existing theories, such as the Uppsala model and other models of internationalisation (see Chapter Two, Literature Review). However, it did not conduct direct hypothesis testing, instead constructing and interpreting structural and process explanations of network relationships, industry structure and exporting processes.

3.3 Research Strategy

The research study refers to the general design of the study, such as the sample size, data collection and analysis techniques (Saunders, Lewis and Thornhill, 2009). There are several research strategies that could have been used in this research study in order to accomplish its goals. The most reasonable choices for this research would have been case studies, ethnographies, and grounded theory, all of which are comprehensive, context-sensitive approaches to qualitative research (Saunders, Lewis and Thornhill, 2009). However, these strategies were not entirely appropriate. Ethnography is a technique commonly used in anthropology and sociology research (LeCompte and Schensul, 2010). The ethnographic approach requires long-term, embedded research in a community or organisation, which provides detailed information about the organisation (LeCompte and Schensul, 2010). This has a lot of value, but would not provide the breadth of inquiry this research requires. Grounded theory is an approach that develops theory from first-hand observation or textual analysis (Charmaz, 2014). Grounded theory was rejected as a strategy because of deep critiques and concerns about the extent of theoretical development that actually occurs during this research (Thomas and James, 2006). Specifically, Thomas and James (2006) noted that several previous researchers had identified problems with the empirical and objective basis for theory derived from grounded theory, remarking that “what is contrived is not in fact theory in any meaningful sense... and that what ultimately materialises following grounded theory procedures is less like discovery and more like invention (Thomas and James, 2006, p.767).”

The case study research was chosen as the most suitable approach for this study. The case study is an in-depth exploration and examination of a limited number of cases, or

incidents of the research phenomenon (Woodside, 2010). The case study has a number of advantages of this study, including the ability to incorporate multiple data types and perspectives and the ability to incorporate historical and longitudinal data (Woodside, 2010). The case study research strategy also offers the researcher the ability to fully explain a given phenomenon in one situation, establishing the basis for further theory building (Saunders, Lewis and Thornhill, 2009). Case study research is effective in situations where other research strategies do not yield useful results, for example research of organisational and institutional issues and structures, situational analyses (such as critical failure analysis), and research into decision making and responses (Yin, 2013). This flexibility, combined with stronger credibility than grounded theory and more pragmatic applicability than ethnography, led to the choice of the case study strategy.

This research was structured as a multiple case study, in which data from a small number of cases is analysed and compared (Yin, 2013). Multiple case studies have some advantages, including the ability to identify differences in cases, although they are also more complicated to analyse (Yin, 2013). For this study, multiple cases were important because they provided more than one perspective on network relationships and internationalisation. The study included 15 cases, each of which represented a small or medium sized firm in the Thai food industry.

3.4 Time Horizon

The time horizon of the research is the time period that is reflected in the study (Saunders, Lewis and Thornhill, 2009). The time horizon is chosen for a combination of pragmatic reasons (how much time is available to conduct the research) and research reasons (what kind of information is targeted in the study) (Saunders, Lewis and Thornhill, 2009). This research used a longitudinal time horizon. The longitudinal time horizon reflects a “diary” perspective on the research situation, with data collected over a long period of time (Saunders, Lewis and Thornhill, 2009, p.154). This is contrasted to the cross-sectional horizon, which provides a “snapshot” of the research situation in one time. The longitudinal time horizon is ideal for reflecting development, change and new information in the research situation (Saunders, Lewis and Thornhill, 2009). This made it ideal for this study, as the goal was in part to examine changes in behaviour and performance in the group. Longitudinal studies are limited by the

amount of time available for the study (Saunders, Lewis and Thornhill, 2009), but that was not a concern in this research.

The data for this study was collected in two phases. Table 3.1 summarises the phases of the research. The full period of the research was 18 months (December 2012 to May 2014). The interviews were conducted on a rolling schedule, with Phase II beginning at the end of Phase I. This resulted in a nine-month gap between Phase I and Phase II interviews for all companies. For example, Company A's first interview was in December 2012, and its second in September 2013. This gap allowed time for observation of change and development within the firms. The opportunity for change and development in the research situation is one of the major reasons to conduct interviews as a longitudinal series, rather than as a single cross-sectional event (Seidman, 2015). With nine months between the two interviews, there was time for the firms to develop their businesses, in some cases increase their network connections and enter new markets, and to see the results of previous strategies. Furthermore, the researcher and firms could reflect on the topic of the research and perhaps gain new insights into the role of networks and other questions of interest.

Table 3.1 Summary of the Research Schedule

Phase	Start	End
Phase I interviews	December 2012	August 2013
Phase II interviews	September 2013	May 2014

3.5 Population and Sampling

This research was conducted at the business level. The population of interest was firstly Thai SMEs participating in the export food industry. (Many of these firms produce for both domestic sale and export, and these firms were included as well as those producing only for export.) A secondary population of interest was the interorganisational networks that supported exporting activities for these firms. These networks consisted of different members, including existing customers, suppliers, competitors, private and public support agencies, alliance partners, universities, government bodies and administration, as well as friends and family of the business owner.

The sample for the study was selected initially with reference to official lists of registered firms supplied by the Export Promotion Department. This department

changed its name to the Department of International Trade Promotion, or DITP, during the course of the study. The DITP, a department of the Ministry of Commerce, is tasked with supporting the Thai export industry through activities including grants and educational funding, domestic and international trade and export shows, and supporting supply chain development activities (DITP, 2015). The DITP also monitors export activities and helps support SMEs in their registration for export supplies and engages in other institutional supports for the export industry. The DITP has supplied a list of export suppliers in the correct industry, which offered contact details for potential participants.

The main selection criterion other than official registration with the DITP was the firm size. The goal of the sample selection was to have approximately equal numbers of small and medium sized businesses as defined in Thai law. Table 3.2 summarises the definition of small and medium sized businesses for different industries in Thailand (ADFIAP, 2011). Under this definition, a Small sized firm in the Food manufacturing business would have fewer than 50 employees, while a Medium definition has 51 to 200 employees. Employee numbers, rather than fixed assets, were chosen as the classification criterion for selection of participants.

Table 3.2 Definition of Small and Medium enterprises in Thailand

Business Type	Total Employees		Fixed Assets (Excluding Land) (Million Baht)	
	Small	Medium	Small	Medium
Manufacturing	< 50	51 to 200	<50	50 to 200
Services				
Wholesale	<25	26 to 50	<50	50 to 100
Retail	<15	16 to 30	<30	30 to 60

Source: ADFIAP (2011)

The sample size for qualitative research is determined not by statistical criteria, but instead by the information richness that can be expected from participants (Patton, 2014). As a result, there is more emphasis on a smaller, higher quality sample rather than a large number of participants (Patton, 2014). There are also pragmatic reasons for keeping a smaller sample, including the high amount of resources needed to collect data for a qualitative study (Saunders, Lewis and Thornhill, 2009). Since qualitative

interviews or other data sources typically take many times as long to collect and analyse than quantitative data sources, it is important to make sure the researcher has enough time to adequately analyse all data (Patton, 2014). However, the sample cannot be too small, as this will not allow the researcher to achieve theoretical saturation, or the point where no further new information is gained through repeated interviews (McQuarrie, 2009).

In light of this information, the sample of export firms was set at $n = 15$. This included a subsample of $n = 8$ medium sized firms and $n = 7$ small sized firms. Two sub-samples were used because, although they are commonly discussed together, small firms and medium firms may have substantively different resources and priorities. For example, small firms are likely to have far fewer resources in terms of physical, financial, and human capital; different decision making procedures; different innovation capabilities; and less systematic production, quality, marketing, and distribution activities (Oly Ndubisi and Iftikhar, 2012; Prajogo, McDermott and McDermott, 2013). Thus, even though these types of firms are often discussed together, it was worth making sure both small and medium business perspectives were included, since these might be substantially different. There were an additional two interorganisational network partners included (one government and one non-profit organisation). This was a relatively small sample intended to ensure the network partner's viewpoint was included, although a comprehensive study of the network partners themselves was outside the scope of the study. These network partners were selected from those that worked with the firms in the sample.

The sample was selected for this research using purposeful sampling. Purposeful sampling is defined as “selecting information-rich cases to study, cases that by their nature and substance will illuminate the inquiry question being investigated” (Patton, 2014, p. 264). In other words, participants were selected based on their ability and willingness to provide detailed information about the case and to participate fully. This is common in qualitative studies, where the use of high-quality sources and cases is needed to ensure effective use of resources.

In order to select the firms, the researcher first identified about 25 potential case firms that met initial criteria, including industry and firm size as well as region. The researcher also selected from a variety of different firms operating in different sectors

of the food industry, including rice, seafood, fruit, and processed foods like snacks. The firms were all contacted formally, and the project was explained in brief. The explanation included the amount of time and information required, what kinds of information would be required, and how the firms would benefit. The explanation was directed to a senior decision-maker, either the firm's manager or its owner. In 15 cases, the senior decision-maker responded positively, and agreed to take part in the study. In four cases, the project was refused with no explanation given. In six cases, the senior decision-makers requested more information, but ultimately chose not to take part. In one case, the reason given was discomfort with the purpose of the study, while a further two cited confidential information or a difficult competitive climate. In two cases, the senior decision-makers cited lack of time, while the final reason given was a current business deal that could be jeopardised. After examining the literature on qualitative interview-based research, the researcher determined the sample size of $n = 15$ was probably large enough to reach theoretical saturation, or the point where no new information emerged (Merriam, 2009). While there was always the option to recruit more participants, this turned out not to be necessary.

3.6 Data Collection

One of the reasons the case study was chosen as the research strategy for this study was that it has the ability to incorporate multiple data sources and types of information and viewpoints into the research (Woodside, 2010; Yin, 2013). The data collection process reflects this characteristic of the case study method, incorporating secondary and primary data from multiple sources. Data collection began with secondary research, which drew on academic journal articles, books and other sources in order to establish the theoretical and empirical groundwork of the study. Secondary data is research that has been collected and analysed by others (Blaikie, 2009). The secondary research was analysed and critiqued in the Literature Review. However, secondary research is rarely sufficient for comprehensive analysis of the research question (Saunders, Lewis and Thornhill, 2009). Thus, there was no doubt that primary research, or research collected directly for this study (Blaikie, 2009), which was semi-structured, face-to-face interviews would be used.

Interviews are a common data collection technique for qualitative research (King and Horrocks, 2010). The interview allows for detailed and comprehensive data collection. It can also create a personal connection or rapport between the researcher and

participants, which helps to access information that may not be otherwise available to the researcher (King and Horrocks, 2010). Interviews are particularly important for case studies because they are a way to double-check the information gleaned from document review and observation (Woodside, 2010). Thus, it was clear that the interview should be a significant collection method for all research questions and issues in the study.

Table 3.3 summarises the data requirements, data sources, and collection techniques for the five research questions. These questions required different types of information and data. In addition to the interviews, document review was conducted for this research. Reviewing written documents is common in case study research, particularly research into organisations and networks (Yin, 2012). The document review process offers a different type of information about the case than is available from other sources. For example, it can offer the views of different stakeholders (such as firms, government organisations, or the general public and press) and historical viewpoints (Yin, 2012). The use of documents in case studies is also useful for understanding whether there are gaps between the perceptions of different participants, what has changed over time, and deepening the information and knowledge available beyond that of the interviewee (Woodside, 2010). Thus, there are strong reasons to include document reviews in this study.

Table 3.3 Summary of Research Questions, Data Sources and Collection Methods Used in the Study

Research Questions	Why? (Research Questions)	Data required	Data sources	Collection methods
1. What are Thailand's interorganisational network structural characteristics in the food industry?	To describe and explain Thailand's interorganisational network structural characteristics in food industry	Management's views of characteristics of Thailand's interorganisational network structure	<p>Food SMEs' owner-upper level managers, export department managers, key industry bodies and network organisations</p> <p>Public documents such as newspaper report, and corporate and government documents</p> <p>Organisational documents such as annual reports, mission statements, report to shareholders, transcripts of chief executives' speeches, company newsletters, policy statements, company regulations etc.</p>	<p>Face to face semi-structured interviews</p> <p>Documentation</p>
2. What roles do interorganisational networks play in Thai food SMEs' identification and exploitation of foreign markets?	To investigate what roles interorganisational networks play in foreign market identification and exploitation of Thai food SMEs	Management's views of the roles of interorganisational networks on their firms' foreign market identification and exploitation	<p>Food SMEs' owner-upper level managers, export department managers</p> <p>Public documents such as newspaper report, and corporate and government documents</p> <p>Organisational documents such as annual reports, mission statements, report to shareholders, transcripts of chief executives' speeches, company</p>	<p>Face to face semi-structured interviews</p> <p>Documentation</p>

			newsletters, policy statements, company regulations etc.	
Research Questions	Why? (Research Questions)	Data required	Data sources	Collection methods
3. How do Thai food SMEs' interorganisational network structural characteristics affect SMEs' foreign market identification and exploitation?	To investigate how SMEs' foreign market identification and exploitation are affected by Thai food SMEs' interorganisational network structural characteristics	Management's views of the impact of Thai food SMEs' interorganisational networks on SMEs' foreign market identification and exploitation	<p>Food SMEs' owner-upper level managers, export department managers, key industry bodies and network organisations</p> <p>Public documents such as newspaper report, and corporate and government documents</p> <p>Organisational documents such as annual reports, mission statements, report to shareholders, transcripts of chief executives' speeches, company newsletters, policy statements, company regulations etc.</p>	<p>Face to face semi-structured interviews</p> <p>Documentation</p>
4. How does the relationship between Thai food SMEs and their interorganisational networks change according to their extent of exporting?	To investigate how the relationship between Thai food SMEs and their interorganisational networks change over time	Management's views of the relationship between Thai food SMEs and their interorganisational networks change over time	<p>Food SMEs' owner-upper level managers, export department managers, key industry bodies and network organisations</p> <p>Public documents such as newspaper report, and corporate and government documents</p> <p>Organisational documents such as annual reports, mission statements, report to shareholders, transcripts of</p>	<p>Face to face semi-structured interviews</p> <p>Documentation</p>

			chief executives' speeches, company newsletters, policy statements, company regulations etc.	
Research Questions	Why? (Research Questions)	Data required	Data sources	Collection methods
5. What are the implications of the research for the theories of networking in foreign market exploitation?	To investigate the implications of the research for the theories of networking in foreign market exploitation	Management's views of the role of interorganisational networks in foreign market exploitation Literature review	Food SMEs' owner-upper level managers, export department managers, key industry bodies and network organisations Academic journal articles, books and other sources	Face to face semi-structured interviews Literature review

3.6.1 Interviews

Interviews with both business owners/managers and representatives of network organisations were conducted using a face-to-face, semi-structured approach. Face-to-face interviews were considered essential for several reasons. First, the face-to-face interview allows the participant and researcher to establish a personal relationship and creates rapport and the beginnings of trust (King and Horrocks, 2010; Seidman, 2015). This personal relationship is essential for interpretivist research, since it establishes the groundwork for collaborative interpretation of reality (Grix, 2010). It also allows the researcher to collect more information from participants, including non-verbal information and information shared as the researcher and participant become more comfortable with each other (Seidman, 2015). The level of detail demanded by this study required that face-to-face interviews be used in order to maximise the collection of information.

The semi-structured interview is an interview in which the researcher does use an interview guide, which serves as a loose framework for the interview and checklist of items or information to be discussed (Merriam, 2009). However, the interview itself is conducted more as a conversation than a checklist, with researcher and participant exploring areas of mutual interest and talking through challenges to the researcher's assumptions and existing knowledge (Merriam, 2009). The semi-structured interview represents a compromise between an unstructured or conversational interview (where no guide is used) and a structured interview (which is conducted more like a verbal survey, with a strict interview guide). This compromise offers flexibility while ensuring that important issues are addressed and the researcher can collect similar information from all participants (Merriam, 2009). There are some critiques of the semi-structured interview, including that it imposes too much rigor on the conversation and that it can be difficult to balance artificial interview guides with the conversational approach (Seidman, 2015). While these critiques have been taken into account, the benefits of the semi-structured approach were important enough to overcome them. In particular, the researcher felt that the ability to challenge and explain in more detail was critical for the successful collection of data to develop theory.

Two interviews were conducted for each participant, one during Phase I and one during Phase II. The interviews were spaced approximately nine months apart. The

same technique and approach was used for each interview, although the interview guides differed between the phases. Interviews were conducted in a non-public place convenient to the interviewee, in order to make sure participants were comfortable and did not use too many resources participating and their personal and firm information was not inadvertently disclosed. In most cases, this meant interviews were conducted in the firm's offices. Interviews were timed to take between 45 and 60 minutes, although provision was made for longer interviews if required. Interviews were voice recorded, and the researcher kept notes regarding non-audio elements (such as body language, evasions, and the researcher's thoughts and perceptions).

Interviews were conducted in Thai, which was required because all participants are Thai. Interviewing in a participant's native language is appropriate if the interviewer is fluent in the language, or if interviewers of equal quality can be used for different languages (Fontes, 2012). In this case, since the researcher is a fluent Thai speaker, this was an acceptable compromise. The interview guide was first developed in English and then translated to Thai for actual use. This was required because the researcher's degree programme is conducted in English. To ensure that the interview guide had the same meaning and implication in Thai and English, the researcher asked two other English-Thai dual language speakers to double-check the translation. Suggestions for improvement were incorporated into the final draft of the Thai interview guide.

The interview process was as follows. First, the aims and objectives of the research and the purpose of the interview were introduced. It was explained that the information would only be used for academic purposes, and that all information would be kept confidential and names and personal details would not be disclosed. Interviewees were asked to affirm their consent to the interview and to voice recording. Following consent, the interview began with the introductory question in the guide. The interviewer wrote down key answers and confirmed at the end of the interview that they were correct.

Four interview guides were developed with reference to the literature review. These interview guides included Phase I and Phase II interviews for SMEs (See Appendix 1) and for interorganisational networks (See Appendix 2). The interview guides do address complimentary topics, with the Phase II interview guides focusing on changes

in the business processes and relationships since the Phase I interviews. The researcher attempted to ensure that all questions in the interview guide were answered in the interviews, although the semi-structured interview design does allow for some variance in the items. This was done to ensure that cross-case analysis could be conducted effectively.

The interview guides were not identical during the two stages. The purpose of the first stage was to set a baseline for performance of the firm. This included, for example, its current and planned strategies and activities, its network relationships, and its other supports. Also included was the firm principal's attitudes to network partners and other aspects of international performance.

In the second stage, the researcher attempted in the second interview to address possible changes that had taken place in the firm's activities, strategies, and relationships, and to encourage the firm's principals to reflect on the changes that had taken place during the intervening nine months. For example, the interview guide asked about the firm's activities and performance during the intervening period. If management actions or strategies were identified in the first interview, the firm was asked how they were working, and whether they had been expanded. They were also asked about relationships with support networks, customers, and government agencies, and how these relationships had changed. In addition, any new strategies or activities in the period and any changes in attitudes or opinions were asked about.

Interviews were conducted in the offices or workplaces of the firms, depending on the preferences of the firm's respondent. All interviews were audio recorded for transcription, translation, and analysis, with the respondent's permission. The interviews were timed to last between one and two hours each. In the first 15-20 minutes, the researcher asked general questions about the firm and the individual as a means of getting to know them and establishing a friendly atmosphere. The research guides were then deployed as a general set of questions to be asked. During the first interview, firms were asked similar questions. In the second interview, the researcher prepared by making notes of the firm's situation from the previous interview in order to identify their situation from the last time. These were then incorporated into the interview guide to make sure that updates and new information was collected.

3.6.2 Validity of Interview Guides

Interview guides for qualitative research do need to be assessed for validity, although the conceptualisation of validity is different from that of quantitative research (Golafshani, 2003). Qualitative research validity can be assessed using criteria like trustworthiness, rigor and credibility. These characteristics are not fixed, but are assessed based on the characteristics of the research (Golafshani, 2003). For this research, face validity of the items was assessed as the key indicator of question validity (which is distinct from the validity of the research findings). Face validity simply assesses whether or not the questions make sense in the situation they are applied (Gaber, 2010). The use of face validity is controversial in quantitative research, as it is not considered to be a valid standalone test. However, in the qualitative context, face validity asks the most important question of whether or not the research questions make sense given an understanding of the research questions and environment (Gaber, 2010). Without this basic check on the rigor and credibility of the research instrument, the findings cannot easily be defended and may not even be able to be analysed.

Expert review was chosen as the approach to confirming face validity of the research. Expert review is a process by which the researcher presents his or her instruments or tools to an expert in the field who understands the research question and problem (Saunders, Lewis and Thornhill, 2009). This is a critical tool of the realist philosophical paradigm, but it is also useful in other situations such as this one where expert insight is needed. The researcher's supervisors were asked to review the draft research guides and ensure they made sense. Critiques were incorporated into further drafts, a process that continued until the researcher and supervisors were agreed that the instruments were valid.

3.7 Data Analysis

Data analysis was conducted using two complementary approaches, content analysis and thematic analysis. The reasons for these choices, as well as the steps of analysis, are explained below.

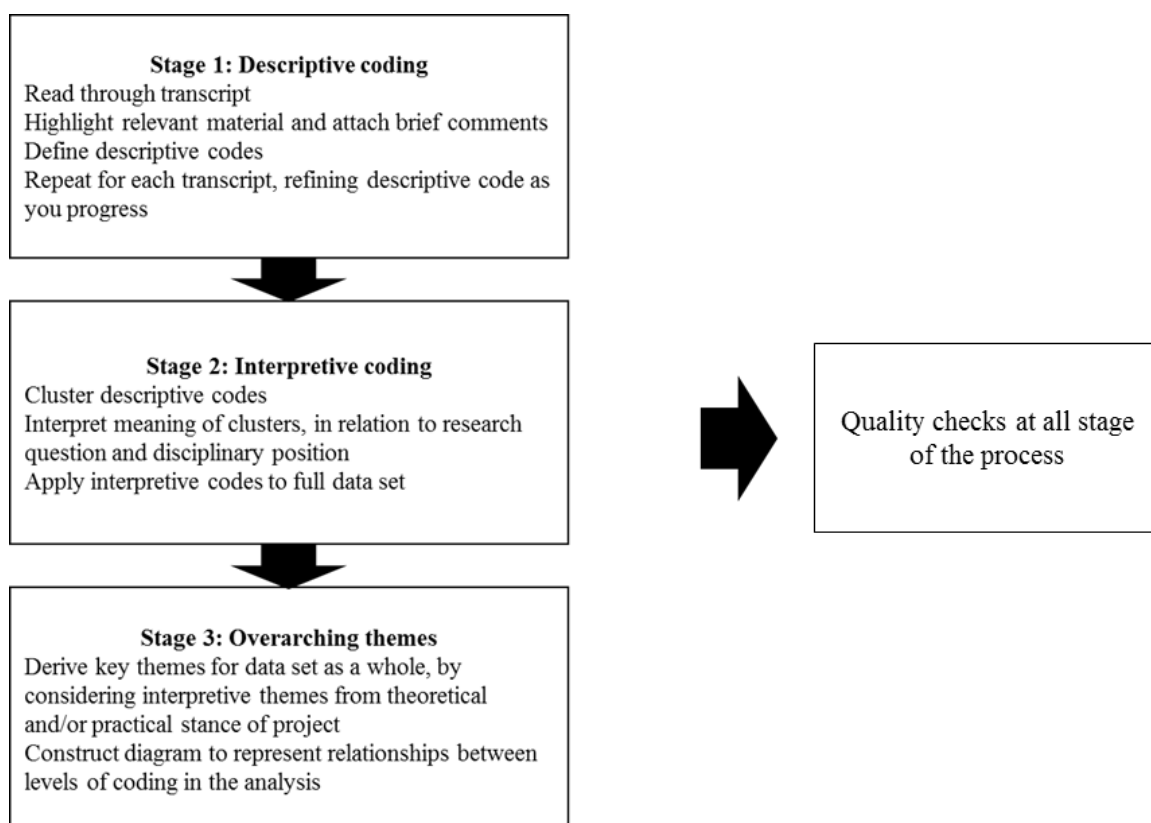
3.7.1 Choice of Analytical Techniques

Thematic analysis and content analysis are similar analytical processes, but have slightly different approaches and intentions. Thematic analysis is an analytical process whereby the researcher discovers underlying themes in interview content through a

process of coding, categorisation and organisation across multiple interviews or data points (King and Horrocks, 2010). The thematic analysis process is one of the more common techniques of qualitative analysis, because it helps to tie together multiple perspectives and different types of information. King and Horrocks (2010) identify thematic analysis as a three-stage process.

First, descriptive coding is conducted, in which the transcript is assessed for relevant material and descriptive codes are identified. Next, interpretive coding is conducted, in which descriptive codes are clustered together and meaning is assessed. Finally, overarching themes are identified in the interpretive codes, and an explanation of the codes is provided. This process is illustrated in Figure 3.2. The thematic approach was chosen because it is a reliable way to develop an understanding of the material and information contained within the transcripts (King and Horrocks, 2010). It is also a way to derive meaning and connections across multiple cases (Merriam, 2009). Thematic analysis was chosen because it provides these meanings and connections in context.

Figure 3.2 The Thematic Analysis Process



Source: King and Horrocks (2010, p. 153)

The second type of analysis conducted was content analysis. Content analysis, like thematic analysis, relies on examination and investigation of the information contained within interview transcripts or other texts (Schreier, 2012). Content analysis may be conducted in either quantitative or qualitative studies (Schreier, 2012). In quantitative studies, content analysis is focused on counting the occurrence and position of specific types of content (such as words or even parts of speech). However, in qualitative content analysis, the emphasis is on interpreting the meaning of the content itself, independent of specific word choice or positioning (Schreier, 2012). Qualitative content analysis is most effective on rich data, or data that has multiple meanings, ambiguity, or depth of descriptive and informational meaning, rather than on straightforward or standardised data.

It is also effective, according to Schreier (2012), on data where the meaning is not certain. The process of qualitative content analysis involves systematic data reduction through a coding process, but it remains flexible in order to make sure that the data can be analysed effectively. Steps in qualitative content analysis include “deciding on a research question selecting your material; building a coding frame...; dividing your material into units of coding; trying your coding frame...; evaluating your coding frame in terms of the consistency of coding and in terms of validity and revising it accordingly; coding all your material..., and transforming the information to the case level; interpreting and presenting your findings.” (Schreier, 2012, p. 6). The process of qualitative content analysis has been merged with the thematic analysis.

3.7.2 Process of Analysis

The process of analysis follows the process outlined by Spencer, et al. (2014), with integration of the coding and analysis processes identified by Schreier (2012), and King and Horrocks (2010) for the qualitative content analysis and thematic analysis respectively. This process was arranged in four steps. These steps included:

- *Familiarisation:* The goal of familiarisation is learning the data and beginning to understand underlying trends and information (Spencer, et al., 2014). During this process, the researcher listened to the recordings of each interview and read the transcripts, alongside the observation notes taken during the individual interviews. The potential themes were listed out and ideas were noted down.

- *Initial thematic framework:* During this stage of the research, the researcher begins to conceptualise the findings, identifying key issues and themes (Spencer, et al., 2014). The thematic framework is an initial explanation of the themes and theories, but there is still room for new themes to emerge from the findings (Spencer, et al., 2014). The themes identified during this stage included: Entering the international market, Information exchange and payment systems, Roles of assistance and network support, and Opinion on the assistance and support, and trends of agency engagement.
- *Data indexing and sorting (coding):* The process of indexing and sorting the data was conducted in order to assign each of the elements of meaning in the transcripts to particular themes (Spencer, et al., 2014). This helped to build the themes and expand on them.
- *Tabulation and charting:* In thematic tabulation and charting, each of the themes is assigned a table or chart, with headings and subheadings reflecting different aspects of the themes (Spencer, et al., 2014). The charting process serves several purposes, for example displaying agreement or disagreement between participants and summarising opinions.
- *Mapping and interpretation:* The final stage of the process is mapping and interpretation, where the key issues or themes in the research are mapped and integrated (Spencer, et al., 2014). Following this process, the researcher assessed and interpreted the findings using a variety of techniques including comparing and contrasting. Cross-case analysis (analysis of themes between cases) helped to identify connections and general shared information. The final part of the process was to offer explanations of the identified connections based on the literature review and other sources. This helped to situate the data and findings in the theoretical background, rather than allowing the existing theory to dominate the findings. For example, the primary findings regarding the approach used to identify new markets were different from those identified in the literature. This offered an opportunity to point out where previous studies were inadequate to explain the internationalisation process as it occurred.

3.8 Limitations of Methods Used

Although the researcher was careful to design the research in line with best practices in order to protect credibility, trustworthiness, and rigor of the study, every research

methodology has limitations that cannot be eliminated. In this study, the majority of these limitations stem from the use of qualitative research. In general, qualitative research may have difficulty with generalisation of the findings, particularly in situations where unstructured or single-case designs are used (Saunders, Lewis and Thornhill, 2009). This methodology was designed to control (though not eliminate) the problem of generalisability by using a relatively large sample size and by including different perspectives (small businesses, medium businesses, and interorganisational network partners). Thus, while not perfectly generalisable, this research will be able to provide a more rigorous and potentially representation of the research situation.

There are also some limitations associated with the case study methodology (Woodside, 2010; Yin, 2013). One such limitation is that they may not be easily replicable, because of the amount of researcher discretion in selection of data. This also leaves the research open to potential researcher bias through selection of specific data (Woodside, 2010; Yin, 2013). For ethical reasons (discussed below), the researcher cannot release specific information about the participants in the study, as this would create a potential harm to them. However, in this chapter and future chapters all efforts have been made to ensure that sufficient information is released for readers to understand, if not directly replicate, the findings of the study.

3.9 Ethical Considerations

Just as every study has limitations, so too does every study have ethical concerns. In this research, one of the most important concerns was the well-being and protection of the participants. None of the firms included in the study were publicly held firms, and the SMEs included often had a tenuous or difficult position in the market. As a result, the researcher considered it particularly important to protect the interests of participants. This is also an ethical responsibility, as participants should not be harmed (and ideally should benefit) during the course of the research (Saunders, Lewis and Thornhill, 2009). The researcher chose an approach of confidentiality for all participants. No firm names or other details were used in the study, and none will be released to the public (although they were available to the researcher's supervisors as part of the supervisory role). Pre-analysis transcripts and other working data will not be released, and will be destroyed after five years in order to prevent incidental disclosure. The researcher also made sure to interview respondents in a protected, non-public area in order to avoid disclosure of business practices or other sensitive

information. This was particularly important for firms that offered detailed information about their business practices.

Another ethical concern was avoiding researcher bias as far as possible. Critical reflection on the issue of bias demonstrated that, in keeping with the interpretivist philosophy, the researcher did have opinions and preformed ideas about the research situation, which does have the potential to influence the choice of data and information. In order to avoid excessive bias from influencing the results, the researcher tried to be clear about where data was used and what kind of data was accessed. This approach was designed to offset the problem of confidentiality by providing clear information about the source and reason for choosing data.

3.10 Conclusion

This chapter has presented and discussed the methodology chosen for the thesis. The research was conducted using the interpretivist philosophical paradigm and an inductive logical approach, and the design and strategies flowed from these initial choices, which were based on the research questions and their intentions and goals. The research can be described as a longitudinal qualitative multiple case study, focused primarily on the populations of interest (Thai SMEs involved in food export, along with their interorganisational network partners). There were a total of 17 interviewees, including 15 firms and two interorganisational network partners. The chapter explained the data collection technique, which relied on a combination of document review and face-to-face, semi-structured interviews. Interviews were conducted in two phases, with about nine months between the first and second interview for each of the participants. Analysis was conducted using a combination of thematic and content analysis techniques, an approach that was chosen in order to assess the information from multiple perspectives. The chapter has also addressed the methodological limitations and ethical concerns of the research. The researcher did try to eliminate or mitigate as many methodological limitations as possible, though some remain. The most critical ethical concern is the protection of company information for firms participating in the study, since accidental disclosure of competitively sensitive information could seriously harm the firms. Thus, all efforts have been made to avoid these disclosures.

In the following chapters, the focus of the research turns to presentation, discussion and analysis of the primary findings of the study, derived using the methodology explained in this research. In Chapter Four, the emphasis is on presentation of the individual case studies in a narrative and descriptive fashion. In Chapter Five, these narrative accounts are broadened through cross-case analysis and comparison to the literature review.

CHAPTER FOUR: DATA FINDINGS

The aim of this chapter is to present the outcome of the interviews with the case study firms and network organisations. This will be primarily a descriptive account of the development of exporting in the cases and how they have been supported to do so by government bodies and external agencies. This will form a basis for the thematic analysis in Chapter Five.

There were 15 companies that served as case studies for this research (Section 4.1). The firms were established between 1979 and 2011. Firms had had between six and 165 employees during the Phase I interviews. The number of employees typically increased at Phase II, rising to between 12 and 230 employees. The percentage of the firm's business accounted for by exports ranged from 5% to 100% in the Phase I interviews. Most firms (except those that already were fully export-oriented in Phase I) had an increase in exports by Phase II. (See Table 4.1 for more details.)

Each of the case studies included information from the Phase I and Phase II interviews with the case study firms. The Phase I outlines established a baseline for each firm in terms of their export activities. First, a company profile was presented for each firm. The initial decision to exploit foreign markets was examined. Further topics during Phase I included the use of information exchange and payment systems; the role of assistance and support agencies; and comments on the assistance and support provided. In the Phase II interviews, the emphasis shifted to understanding how export activities were changing within the firm. A review of the firm's current export activities and the changes that had taken place since the initial interviews led the discussion for Phase II. This was followed by a review of the role of assistance and support agencies and new business agreements.

Two network organisations that provide assistance and support to exporting firms were also interviewed at Phase I and Phase II (Section 4.2). In Phase I, the programme's own activities were reviewed, including their main objectives and activities, support for market identification and exploitation, selection of SMEs, scale of support, effectiveness of support, and cooperation with foreign organisations. In Phase II, topics included performance of food exporters, major changes in the programme, and improvement of supports.

Table 4.1: Summary of Case Studies

Case	Year established	Size			Percentage of Exports		First Year of Exports
		Employment		Turnover (Million Baht)	Phase I	Phase II	
		Phase I	Phase II				
1	1990	120	150-180	200 M	70%	80%	1990
2	2004	80	100	160 M	70%	80%	2005
3	1979	165	230	350 M	85%	90%	2005
4	1989	50	50	N/A	30%	40%	2002
5	2007	12	Hired more part-time employees	N/A	100%	100%	2007
6	2011	6	100	N/A	30%	40%	2012
7	1989	150	170	10 M	5%	8%	2009
8	1989	60	60	N/A	5%	5.5%	2001
9	2006	12	12	50 M	10%	10%	2006
10	1998	50	50	500-1,000 M	60%	Decreased Slightly	2007
11	1994	15-20	25	10 M	100%	100%	1994
12	1999	34	34-44	100 M	90%	90%	1999
13	2005	100	120	50 M	20%	20%	2010
14	1998	80	100	200 M	10%	10%	2007
15	1996	50	60	40-50 M	40%	50%	2000

4.1 Case Studies

Table 4.2: Sub-Headings of Case Studies

Sub-Headings	
Phase I	Phase II
Company Profile	Current Export Activities
Decision to Exploit Foreign Markets	Main Changes
Information Exchange and Payment Systems	Role of Assistance and Support Agencies
Role of Assistance and Support Agencies	New Agreements with Other Businesses
Comments on the Assistance and Support	

4.1.1 Case 1 (Phase I)

Company Profile

The company in Case 1 was established in 1990. The firm specialised in preserved and vacuum-dried fruit. At the time the Phase I interview conducted, the company employed 120 people, including 5 managers in 5 departments. There were 104 staff for production, 3 for sales, 2 for marketing, 4 for accounting, and 2 for human resources. The company began only serving the local market, but exported to 11 countries, including Australia, New Zealand, Russia, China, Japan, Hong Kong, Malaysia, India, Spain, South Africa, and the Czech Republic in 2013 this interview was conducted. In 2012, the company sold about 60% of its total products in the export market. The case firm was increasing its focus on the international market and expected to make 70% of its sales in the international market.

Decision to Exploit Foreign Markets

The company's export business started slowly. It began by only producing for the local market, but in 1990 began to develop products that drew interest from international markets. This was initially through personal contact: the company's owner had a friend in Sydney, and as a result the first export destination was Australia. The company's actual export strategy began with direct contact with customers, through participation

in trade fairs and exhibitions. The firm typically began to export slowly, shipping 20 to 30 cartons for trial by customers. If this was successful, the entrepreneur increased the export volume and sought out more customers in the market. In addition to using social contacts and friends (as was the case with the company's first export), the company also worked with government agencies. These agencies provided support for export product development. In the US, the company used a direct sales model, with Thai people selling the products directly for a commission. However, in most other cases the interviewed firm used wholesalers or other export agencies. It is interesting that the firm moved from the initial exporting practices, which were driven by unsolicited open inquiries regarding their products from network connections, to a more formal exporting approach that is more similar to the processes undertaken by firms deliberately setting out to export (using government agencies and formalising export networks). This could be due to recognition of the potential to exploit an export market and desire to increase benefits beyond what could be gained from occasional open inquiries. However, as the export process began more than 20 years ago, the interviewee was not able to provide insight into this decision.

Information Exchange and Payment Systems

The company had a website, which displayed information about the firm. The website also showed the company's wholesale product catalogue. While customers could order the products from the website, they had to make a bank transfer for payment. According to the respondent, most overseas customers chose to order directly by email instead. Contact with overseas customers was also done by phone and fax. There were some situations where the firm would send staff members abroad to meet customers, particularly for problem-solving and relationship-building, but it did not have a staff based overseas.

The company's current strategy was shifting more toward the international market, with 70% of sales in 2013 expected to come from exports. The interviewed entrepreneur focused on the export market because the prices and purchase order terms and conditions were better. For example, while export customers paid in advance for the products, in the domestic market customers expected 60 days trade credit. This was very slow and could result in cash flow problems, even when customers did pay on time. This made the export market highly attractive. The increase in export business

led to an increase in production staff, but did not otherwise change the firm's business strategy substantially.

Role of Assistance and Support Agencies

The company worked with different organisations other than its customers when exporting its products. The Department of International Trade Promotion (DITP), Ministry of Commerce was an important agency, since the government body had arranged trade fairs both in Thailand and overseas. This was one of the key responsibilities of the DITP in general, which also worked with other agencies in order to develop international trade promotion. Thai Embassies in many countries also played a role in trade promotion, and a number of foreign customers received information about the company from the Embassies.

There were also other organisations the company connected with. The National Food Institute (NFI) provided technical assistance with production processes, production cost reduction, and training. This assistance was provided on request and based on the type of product under development. The NFI also sometimes approached the company to participate in new projects in areas like cost management, waste management, and production management. This assistance was generally free if the company was a member of the organisation, and was often offered because the firm's status as an SME guaranteed it assistance in export development and promotion. In 2013, the company was a member of the NFI, Thai Chamber of Commerce, and the DITP. In case of funding, it used a commercial bank which was very helpful; therefore, the company could not provide any comments on SME Bank or other government banks like Export-Import Bank of Thailand (EXIM Bank). Competitions and product rankings also helped develop its business, particularly in marketing (with some countries like Japan responding strongly to awards and certifications). However, it had little contact with or assistance from local authorities.

Comments on the Assistance and Support

The interviewee stated that without assistance from the DITP and other agencies, it would be very difficult for the firm to operate effectively in the export market. Overseas customers (importers) were also critical for the export success, since they actually did the selling. For example, they presented the products to department stores and offered sales promotion. The case firm supported them with such as entry

expenses, brochures, sample products etc. It was noted that relationships with the DITP were the most significant when identifying foreign markets, but it was the company's own activities, coordination and cooperation with its customers in foreign markets, that actually allowed it to enter and sell into the markets.

4.1.2 Case 1 (Phase II)

Current Export Activities

Since interviews one, Case 1 has accessed a number of new markets in Canada, the US, South Korea, and Dubai mainly by participating in the DITP's trade fairs, and sometimes gained new customers through the company's website, and has added vacuum-fried fruit to its product mix. Some of the firm's existing customers placed fewer orders, but most of new customers placed more. In addition, orders have decreased from some nations but increased from others depending on several factors such as consumer preference and income level in each country. For example, orders from many high income countries such as the US and European countries were high. This suggests that Case 1 has become much more involved in the export market since the initial interview, furthermore, it has been more successful at exploiting export opportunities. The company's owner attributed these changes to sales promotions (such as buy one/get one free) and discounts the company was offering which was a deliberate strategy of expansion. The interviewee added that other than exporting, the company has established joint ventures in Malaysia and China. The interviewee cited quality, healthiness, and deliciousness as differentiating factors for the company's products, and noted that its pricing strategy was appropriate for the high-quality, premium products it offered.

Main Changes

The website still did not have the capacity to take orders; therefore, customers continued to place their orders via email and made payments through a bank. Other than using email and telephone to connect with its overseas markets as before, the case firm also employed Malaysian staff working with its Malaysian partner. As for future plans, the company had no intention to make any changes to its website while it planned to participate in more trade exhibitions and visited overseas customers directly to obtain feedback and survey the markets other than problem-solving and relationship-building in some situations mentioned in the last interview. Exports as a percentage of the company's turnover have increased from 70% to 80%, and sales have

increased overall. In response to this heightened activity, the company has increased its employee base (including food science professionals), started paying overtime, and purchased more machines. At the time the second interview conducted, the company had 30 full-time staff and between 120 and 150 day labourers, and was generating sales of 200 million Baht per year.

Role of Assistance and Support Agencies

When asked about the organisations or groups that were helping the company develop its export capacity and access new markets, the respondent cited the DITP which mainly provided trade exhibition opportunities, and overseas customers who notified the company about required standards and certifications (for example, Halal), as well as providing useful information about how to enter the markets in their respective nations more easily. The case company has also established relationships with universities such as lecturers in Food Science Department, Chulalongkorn University, who assisted with issues surrounding R&D and product development, and has received R&D assistance from the NFI. However, it has not made use of facilities associated with these organisations.

New Agreements with Other Businesses

The interviewee remarked that the firm has developed new agreements, joint ventures with other businesses in Malaysia and China to facilitate its business transactions in those markets. These partners have assisted the company with sales and marketing in their respective nations while the firm continued to handle the production side. Although the performance of the Malaysian joint venture, which has actually been in place for approximately one year at the time this interview conducted, has not yet been satisfied but was acceptable. While the Chinese joint venture was just getting started.

The case firm has not received export related assistances to exploit foreign markets but gained some other supports from the local community such as setting up waste and water systems by Samut Prakan Subdistrict Administrative Organisation (SAO) and Samut Prakan Provincial Industry Office. The respondent still confirmed that identifying and exploiting foreign markets would be difficult without the help it has received from other organisations.

4.1.3 Case 2 (Phase I)

Company Profile

The firm profiled in the second case study had operated as a sole operator since 1946, but was only established as a formal company in 2004. The firm mainly produced curry pastes (including spicy, green, panang, massamun, and other traditional Thai curry pastes). It employed 80 full-time workers including a general manager, an assistant manager, an export manager, 10 for quality control, 1 for human resources, 2 for sales (1 of these under the export manager), and the rest were production staff.

Decision to Exploit Foreign Markets

While the company's products were exported for some time, prior to 2005 they were mainly exported by Thai wholesale customers who handled repacking and shipping. However, the firm was considering developing an export market itself, and in 2005 the company saw an opportunity to enter the UK market. This opportunity came from a Malaysian intermediary living in the UK who had been buying the products from a trader, but saw an increase in demand and contacted the case firm directly. The company thus established a wholesale relationship with the UK business and began exporting directly. In 2013, the company's export accounted for 70% of its total sales. Most of these sales were in Western Europe, including the UK, Germany, Switzerland, Sweden, and Denmark. The rate of export was increasing each year due to its existing customers' larger volume orders and new customers' orders. Their main focus was on the export market because of very high volume as well as lower risk from payment by Letter of Credit (LC). While some Thai markets had high order volume, the main Thai market was as a raw material for other producers rather than a consumer product.

Information Exchange and Payment Systems

The interviewed company had a website providing a small amount of information. However, it did not have order and payment capabilities. Instead, payment was made by Telegraphic Transfer (TT) and LC. The case firm mainly used email to contact its customers. In some cases such as a high volume order, the company's owners would visit foreign customers to establish a relationship as well as check the customers' readiness such as the quality of stores etc., and then transferred them to the export manager and sales staff for operational needs. The respondent noted that many foreign and Thai customers would participate THAIFEX-World of Food ASIA held in Thailand normally in May each year and the company had an opportunity to meet its

current customers as well as potential customers. Unlike THAIFEX, “Thailand Exhibition” held overseas where entrepreneurs came from various industries, the firm’s target customers thus did not pay attention to the event. The interviewee remarked that the company’s domestic operations have not been significantly affected from its export effort. However, the case firm needed to increase its machinery and labour capacity to account for the increased demand associated with the growth in exports.

Role of Assistance and Support Agencies

Similar to Case 1, this company stated that the DITP was useful for finding out information about trade fairs both in Thailand and foreign countries. The firm also accessed support through the Ministry of Industry. However, it did not take part in One Tambon One Product (OTOP), a domestic production group, because the staff number was quite small as well as the firm already had a customer base. Mostly, the company’s customers were expatriate chefs, Thai students studying abroad, and housewives.

Overall, this case company had a low uptake of government and trade organisation assistance in developing an export market than the company in Case 1. The respondent reported that this was partly due to poor performance on the part of the programmes. This case firm has not had as much success with government exhibitions organised by the DITP as the company in Case 1. The respondent reported of negative experience of an exhibition held in South Africa. Even though accommodation cost was subsidised, the government agency did not do any market research or preparation. For example, the case firm and other Thai food exporters had not been informed that foods must be quarantined for 3 months leading to wasting a lot of perishable products. In addition, there were only a few prospective buyers attending and thus the interviewed company did not gain any customers. A trade fair held in Sydney also did not work in the respondent’s view. Subjectively, the interviewee believed that the success of an event depends on coordination, effective preparation and identifying the relevant type of audiences.

The case firm was a member of the DITP and other government organisations but discontinued their membership because of its small size of staff and fully implemented capacity. There was also a difference in attitude about export programmes and promotion. The respondent said that while the government agencies were helpful in

the learning stages of developing an export business, once a firm entered the market then it could manage the business itself. The respondent highlighted that customers of the company were mainly gained by traders' introduction. The participation in THAIFEX-World of Food ASIA was a useful way for the company's advertisement and sometimes it could gain customers.

However, the company did not reject all assistance. It used the Thailand Brand, which helped to promote the products. This was issued by the Thai government, and was meant to insure a quality level. The case firm also made use of the DITP and Ministry of Commerce's trainings in areas like quality control, barcode use, laboratory work, export documentation, and so on. While some of the programmes the company accessed were free, others needed to be paid. In case of financial support, the interviewee informed that the firm used its own money.

Comments on the Assistance and Support

The respondent felt that government agencies helped to gain experience at the beginning, but they might not help to develop strong customer relationships or even lead to a large number of customers. Instead, the company relied on customer approach and its own experience in international markets. The respondent remarked that relationships with customers were the most important when identifying foreign markets, as well as when entering and selling to these markets. On an initial contact from customers in a market, it established a relationship and worked with the customer to open the market and both parties conducted marketing cooperation. This included aspects like providing sample products, discounts and promotions (such as buy 10 get 1 free) to make the product more attractive to customers in the new market. Overall, while this firm used some limited government services (especially training), it did not feel that the government programmes were very helpful in gaining customers or establishing new export markets.

4.1.4 Case 2 (Phase II)

Current Export Activities

During the Phase II interview, the respondent reported that the firm profiled in Case 2 was making approximately 160 million Baht per year, with around 100 employees increasing slightly since the previous interview. 80% of the firm's business was export-oriented, and this percentage was growing. The firm did its small expansion

into other European countries in its existing regional market. As the number of Thai people and Thai restaurants in those European nations had been increasing, foreign importers imported the case firm's products to the markets. In addition, the firm was expanding its distribution channel to overseas supermarkets. The firm also continued to expand relationships with its existing customers, seeing both increased sales and a new product mix. It started to export catering packs (bigger packs that were more convenient for commercial use) and also curry paste product mixed with coconut milk (ready to use). Orders from its already existing export customers were rising as well as the new product and packaging were suggested by these customers. These changes were mainly from an opportunity not the firm's expansion strategy. According to the interviewee, the firm had difficulties in expanding into sauce products, because it was too small to provide mass products. Instead, it was maintaining a focus on curry paste. In addition, export was only one entry mode used to enter international markets at the time the Phase II interview conduct.

Main Changes

The firm has seen limited changes because of its relatively small international expansion. It still did not accept orders via the web, and only accepted payments via bank transfer with a 30% deposit on order. It continued to contact customers via email and made occasional visits overseas to examine how stock was being used or kept. The respondent highlighted that the company has made no attempt to expand its business. The firm's marketing was actually normal with small budget and most sales came from word of mouth. Due to the increase in its exports, a new factory was constructed and the company focused on increasing machineries rather than the production workforce. This meant that although a few additional quality assurance or technical staff and administrators might be required, there would not be substantial changes in the number of production employees in the near future. The firm saw its premium positioning as its main strength in international markets. In addition, its uniqueness, differentiated savour, and higher quality made them attractive in overseas markets although the price was higher than others.

Role of Assistance and Support Agencies

The company continued to link with many organisations such as government agencies, universities and existing customers in order to facilitate its foreign market exploitation. Although the firm attended THAIFEX-World of Food ASIA, this did not result in new

customer contacts, and most of the attendees were just looking instead of setting up new orders. However, the respondent mentioned an advantage that the company could meet its existing foreign customers in the event. The respondent reported that at a recent event, the organisers did not do much research and did not have a strong idea of the market. The firm was connecting with an additional organisation, the Board of Investment (BOI) in order to gain import tax exemptions for production machinery. It was also working with Kasetsart University in product testing, although this was a paid consulting service. The respondent mentioned that the company has not used any internet services or facilities of these organisations and also has not engaged with the local community. However, the interviewee felt confident about the firm's foreign market involvement. The long-standing reputation and existing customers meant that the firm already had connections that helped it maintain and expand its business in its selected export markets; therefore, the interviewee asserted in this Phase II interview that the company could identify and exploit foreign markets without any support from other organisations.

4.1.5 Case 3 (Phase I)

Company Profile

The company profiled in Case 3 was established in 1979 and specialised in the production of various sauces, including sweet and sour, spicy, chilli, and specialty condiments for chicken and vegetable dishes. The firm employed 165 people, 60 to 70 of whom were full-time and the rest as day labourers directed by a managing director. The majority of the company's workers (80) were for production, with an additional 10 in the store, 6 to 8 for quality control, 6 for R&D, 3 for purchasing, and these were under a factory manager. Another group under a general manager included 4 human resources, 4 marketing, a quality assurance, 4 accounting, and 2 financial staff.

Decision to Exploit Foreign Markets

The company began exporting to markets outside Thailand in 2005. This did not occur as a result of a particular strategy; instead it came from an opportunity. Actually, the firm simply had a connection with a Thai broker who then introduced a Swedish importer to the firm. This importer would distribute the case firm's products to Swedish supermarkets. To access the Swedish market, the company built up its factory and certified its products to British Retailer Consortium (BRC) standards, a requirement for trading within Europe which was facilitated by a freelance consultant.

The company subsequently began exporting to additional nations, developing its new markets by participating in the DITP activities such as food fairs in various nations, including Belgium, France, Japan, the Netherlands, Dubai, the US, and Australia. The respondent expressed that some of these were successful and the case firm could gain new overseas customers, while others were not satisfied. Normally, the company was partly subsidised by the government body including “booth” expense; however, personal expenses such as accommodation and air ticket costs had to be fully paid by the company. Exports accounted for 85% of the company's business overall. The firm exported primarily as an original equipment manufacturer (OEM) for customers that had their own established brands. However, it also had its own brands, which were classified within three broad categories: common products, premium products, and ready-to-eat products. At the time the Phase I interview conducted, the company's primary export markets were European countries, followed by Australia, Asia including Japan and Korea, as well as the US.

Information Exchange and Payment Systems

The interviewed firm had a website with company information but did not have the capacity to take purchasing orders through this site. However, the respondent did not consider this a significant problem because the firm was primarily an OEM exporter and its customers typically paid via TT (Telegraphic Transfer) or LC (Letter of Credit). Normally, the company used email to contact customers; however, the staff tried to visit its customers overseas when participating in foreign trade fairs and business trips sometimes were organised. The interviewee also remarked that market survey and R&D always conducted during these occasions. The firm did not have an overseas office; nevertheless, it was considering building one in the UK, as this would support the creation of a new brand specifically for the UK marketplace. In the meantime, the most significant changes it implemented to facilitate exporting included changing its production methods, expanding its factory, and applying for new standards.

The company's sales growth provided evidence for the success of its export strategy. In 2005, it had sales of just 13 million Baht, but by 2012, sales reached approximately 220 to 230 million Baht, and the company anticipated sales of 500 million Baht in 2015. The respondent noted that the sales growth came from several reasons including participating in trade fairs, product differentiation and higher quality of its products, larger volume orders from current customers and new customers' orders.

Role of Assistance and Support Agencies

The DITP was cited as helpful for accessing new export markets and the NFI provided financial assistance for quality development, as well as consultation services for issues surrounding production and strategies for increasing capacity. The case company was also a member of the Thai Chamber of Commerce thus could access useful information and attended provided projects. However, the projects had particular selection process and offered to limited number of participants. Additional support came from private consultants that the case company hired and from brokers with whom it established relationships. In prior years, the firm also worked with Silpakorn University when engaging in product development, though it no longer does so.

The interviewed company has developed relationships with a number of entities to facilitate business transactions in foreign markets. It worked with a commercial bank, Bank of Ayudhya Public Company Limited, rather than SME Bank. The interviewee maintained that the former was more flexible while the latter had many rules and regulations with similar rate of interest. The firm has also established longstanding relationships with various traders and brokers who recommended it to their customers, though it also gained new customers by participation in food exhibitions. The respondent also highlighted that relationships with shipping companies and freight forwarders were very beneficial. Actually, at the initial stage of exporting, the interviewed entrepreneur was suggested and educated by these parties regarding export aspects. Regarding local community support, the firm has not dealt with or gained assistance from local authorities, instead it has contacted and had relationships with the central government bodies.

Comments on the Assistance and Support

The interviewee believed the firm would be able to identify and exploit foreign markets without any assistance from others; nevertheless, government agencies were helpful for the firm to save costs when participating trade fairs held or cooperated by these agencies. It was asserted that relationships with the DITP were the most significant when identifying foreign markets. On the other hand, relationships with the firm's current customers, which resulted from good relationships with traders, were the most important when entering and selling to these markets including exchanging ideas.

4.1.6 Case 3 (Phase II)

Current Export Activities

The company profiled in Case 3 reported both expanding markets and offering new products since the Phase I interview. It has entered ASEAN countries including Malaysia, Indonesia and Singapore, through participating in the DITP's trade fairs thus meeting new customers. Brokers and traders have also introduced their customers to the case firm. The firm has established a representative office in the UK, in order to increase their brand presence in the European market. It has also introduced more ready-to-eat products, stating that these products were in line with customers' incomes and lifestyles, and economic situation at that time. Suggestions for new products have often come from customers (foreign importers), who suggested the case company what end consumers needed from its products. Orders from those importers have also increased since the last interview. The respondent noted that these developments resulted from the firm's deliberate strategy to expand its markets. It has regularly conducted market survey and R&D in order to offer products which meet customers' needs. Additionally, the developments also came from an opportunity presented to the business. For example, ready-to-eat products have become popular due to people's hastened lifestyle and decreasing income. The interviewee cited that product differentiation and variety, and higher quality of the products made them attractive in overseas markets and these also helped limit its direct competitors (only 5-6 companies).

Main Changes

At the time the Phase II interview conducted, 90% of the firm's revenue came from international markets, which was an increase from the previous interview. The respondent revealed that its sales have significantly increased from approximately 250 to 350 million Baht considering as medium size and expected an increase in revenues to about 500 million Baht in 2015.

The company has seen potential future opportunities for expansion. One possibility would be setting up representative offices in other regions including Asia, high growth markets. The firm's increase in exports has also had an effect on the firm's business. It built up a new factory and purchased new machines to meet increased demand. The firm's staff has also increased to 230 people, mostly with production day staff and a few new administrative and quality control employees.

The company has not updated its web presence, except for descriptions of new items in its product catalogue and it still could not take orders or receive payments online. Instead, customers typically paid via TT or LC. Normally, the firm still used email to connect with its overseas customers and it has also occasionally set up business trips to visit those customers. An additional way in connection with its overseas markets was the establishment of its representative office in the UK as a centre for European markets.

Role of Assistance and Support Agencies

The firm continued to engage with government agencies, including the DITP, the NFI, the Thai Chamber of Commerce, as well as private sector organisations including consultants and export brokers and traders. However, it has increased its involvement with these agencies and obtained better supports with additional activities such as attending the DITP's trade fairs held in many new markets, as well as working with the NFI to develop new products. The firm has always dealt with consultants and maintained good relationships with export brokers helping it to establish new deals as well as expanding existing deals. The representative office in the UK mentioned earlier has resulted from a marketing agreement between the case firm and a trading company. However, it has not used internet services or facilities of these organisations and has also not received support from its local community. The respondent still confirmed that it would be possible for the firm to enter new markets without the support of other organisations. However, it would be much more difficult and expensive, especially without the support for participating in trade fairs.

4.1.7 Case 4 (Phase I)

Company Profile

The company profiled in Case 4 was established in 1989. The firm's products included various processed seafoods (dried and flavoured), which were often produced to customers' particular specifications. The case company maintained 50 full-time employees, including a production manager, a quality control manager, a marketing manager, and an accounting manager. Each department consisted of 1 to 2 staff and the rest were production staff. Although the company began to export in 2002, it did not have a separate department devoted to these activities.

Decision to Exploit Foreign Markets

Initially, the case firm had conducted its business only in the domestic market, then became a producer for exporters. The company started exporting after participating in the DITP's THAIFEX-World of Food ASIA, which enabled it to gain access to overseas customers. The development of export capacity was a deliberate strategy on the firm's part, and it sought information from government agencies regarding academic projects, trainings, as well as support in areas such as packaging. The interviewed company participated in useful programmes held by various government bodies such as “SME Training” by Department of Industrial Promotion (DIP), Ministry of Industry and “Smart Exporter” Project by the DITP. Overall, the company found that these programmes were useful. At the time this interview conducted, the case firm manufactured products for other exporters and also exported directly to foreign customers. The only significant change occurring in the company's domestic activities as a result of exporting was the need to learn about quality requirements and improve products' standard for foreign markets.

The company's first export destination was Russia, where it gained contacts via a broker. Later the case firm gained customers from participating in food fairs. Its initial promotional activities were not satisfied because the company did not obtain new customers. However, the strategy was eventually successful after 2 to 3 year participation. At the time the interview conducted, the firm exported to markets in Europe and South Korea, though it ceased exporting to Russia due to tougher export regulation and no significant support from government agencies. The interviewee cited that the Department of Fisheries as particularly unhelpful compared to similar departments within the Chinese and Vietnamese governments. The Thai government body required exporters to meet overseas markets' export strong standards without any support and assistance; as a result, exporters' costs such as production cost were increasing. The respondent asserted that even when similar products produced in China and Vietnam were of lower quality, the companies that manufactured them had better export prospects due to superior government support. Thus, lack of support from particular government agencies was identified as a major barrier to exporting for Thai food companies.

Information Exchange and Payment Systems

The firm maintained a website with general company information but did not have the capacity to take orders or payments. Customers paid directly through a bank and communication with established customers was done via email. New customers typically visited the company's factory and subsequently communicated through email once they developed confidence in the firm.

The company sold the majority of its products to the Thai market, with exports accounting for only 30% of the total business. The firm believed that exporting was becoming more challenging because the costs of raw materials and labour were rising and competitors such as China and Vietnam were offering cheaper products. Moreover, raw material supplies were decreasing in Thailand, whereas neighboring nations such as Vietnam and Myanmar still had plenty of raw materials to draw upon and the interviewee believed that these foreign competitors could learn knowhow within 3 to 5 years. As a result of these problems, the case company was somewhat pessimistic about export prospects, with plans to stop exporting if there were no future orders and instead concentrated on the local market. Thus, issues surrounding raw materials as well as Thailand's political instability were identified as another barrier to exporting for companies in certain industries.

Role of Assistance and Support Agencies

The interviewed firm has established relationships with various organisations to support its exporting activities. At that time, it was a member of the Thai Food Processors Association, which provided trade information and could be consulted if the company experienced problems. Company managers also attended university training courses and Department of Industrial Promotion (DIP) entrepreneurial improvement projects with little expense. In addition, the company participated in government-hosted overseas road shows and projects associated with the Office of Small and Medium Enterprises Promotion (OSMEP). However, although the government bodies provided some financial support, the firm paid most of its own expenses to support these activities. As a result of attendance in the training courses, the company claimed that it was able to improve its export capabilities. In addition, the case firm's export improvement resulted from useful information from its current overseas customers as well as its own learning. The company did not develop formal agreements with other Thai or foreign businesses to facilitate its foreign transactions,

and it used a commercial bank rather than government banks such as SME Bank and EXIM Bank, because the firm found the commercial bank sufficient to meet its needs.

The case firm did not consider local authorities to be a source of export assistance as the local agencies were suitable only for local activities; therefore, the company dealt directly with the central government bodies. The respondent stressed the importance of the firm's relationship with the Thai government agencies for overcoming language barriers to exporting. Lack of English language skills could be an obstacle to foreign trade. However, when the government bodies organised trade fairs both in Thailand and foreign countries, the company could bridge the language barrier and thus could gain more customers and growth opportunities. One of important trade fairs the company highlighted was THAIFEX-World of Food ASIA. This is an international trade fair held in Thailand, and the case firm had an opportunity to meet and exchanged useful ideas with a great number of foreign entrepreneurs as well as gained new customers. On the other hand, local fairs such as OTOP (One Tambon One Product) fair were unsatisfied as no foreign importers attended.

Comments on the Assistance and Support

The interviewee believed that it would be very difficult to access these foreign markets without support from the government agencies and other parties the company has established relationships. Asked to identify the most significant relationships when identifying foreign markets, the respondent cited brokers and the DITP (especially trade fairs), while relationships with foreign importers and agents were the most important when entering and selling to foreign markets. However, the interviewee also noted the importance of selecting the correct products for particular foreign customers in order to gain new customers in other nations and establish good exporting relationships.

4.1.8 Case 4 (Phase II)

Current Export Activities

In the Phase II interviews, the firm profiled in Case 4 did not report its revenues. However, the respondent stated that the firm size was small and its sales were growing 5% to 10% per year. The firm had about the same number of employees as in the Phase I interview, but the proportion has shifted. The production staff has decreased about 10% and administration staff increased by the same number, due to a shift to increasing

production automation and use of machinery. The firm attributed this change to the increased cost of wages, which made it more reasonable to increase the amount of machines used in the production process. The firm was exporting about 40% of its production, an increase of about 10% since the previous report. Its success in export strategies was attributed to unique, natural and healthy seafood products designed for a niche market, as well as its experience in seafood.

Main Changes

The firm has not much changed its online strategy, though its website has been updated. It still did not allow website orders and only accepted bank payments. Orders were normally placed by email. However, it has seen some changes in its export strategy since the Phase I interview. Support of the DITP, especially participating in trade fairs has allowed the firm to expand into the US market. The firm has also innovated in its product strategy, developing a seafood powder (an ingredient for food). This product would be introduced to the Thai market first, and then expanded into the ASEAN Economic Community (AEC) export markets. The firm has already launched the new product in Malaysia with the DITP's assistance, and would exhibit the product in Indonesia soon.

The case firm was also looking to future changes in its export strategy. With exporting to the European markets deteriorating and the market becoming more complicated and requiring more documentation, the firm was looking to other Asian countries. Asian demand for seafood products was also increasing. AEC countries were a particularly growing market, and the firm expected to eventually export more of its products to this market than the EU and the US. The firm was also considering strategic partnerships in Myanmar, though it was maintaining an export-only strategy at the time the Phase II interview conducted.

The firm was also looking toward other strategy changes. It was looking at increasing marketing and exhibition participation as ways to reach new customers. The interviewee remarked that participating in trade fairs was useful. The firm could recognise market requirements as it met foreign importers directly and could continue to work together in the long run. It was also focusing on increasing administrative staff competency, particularly because of its staffing shifts in order to reduce costs.

Role of Assistance and Support Agencies

The firm was still working with the DITP, though the kinds of projects it worked on were changing. It was involved in several projects focusing on development of entrepreneurial knowledge and competence, cost reduction, and factory development. The respondent revealed that the firm was conducting a long-term project with the Office of Small and Medium Enterprise Promotion (OSMEP), “Personnel Development”, along with several short-term projects with the Department of Industrial Promotion (DIP), such as “Promoting Entrepreneurship”, and “Network Development”. However, the case company has not used any internet services or facilities of these agencies and not accessed any local support. The respondent still acknowledged that it would be difficult to identify and exploit foreign markets without any support from other organisations. In particular, the firm needed help in developing human resources and competencies, as well as controlling costs during its period of machinery purchase.

4.1.9 Case 5 (Phase I)

Company Profile

The firm profiled in Case 5 has been exporting since it was established in 2007. The company traded in seasonings, fish sauces, chili sauces, snacks, drinks, and other processed items. It was a relatively small family owned and run businesses, employing 8 full-time and 4 part-time staff. The workforce had a flat structure, with everyone working together rather than having clearly defined hierarchical official roles.

Decision to Exploit Foreign Markets

The company deliberately chose to export because its founder had worked in the marketing field before starting the current business. The firm's founder had preexisting connections with suppliers and foreign importers, so specialising in exports was a logical choice. The firm's first export destination was the Lebanon, where one of the partners had a friend who could assist with accessing this new market. The company has since expanded its export business to Finland, South Korea, Sweden and Denmark.

Information Exchange and Payment Systems

The case firm had a website that provided detailed information about it; however, it has not been recently updated in terms of technology options, and thus could not support taking orders or payments. Financial transactions were still made via a bank.

The company maintained its base in Bangkok, and communications with customers were handled at a distance via email. The respondent highlighted 3 channels to gain new customers including connections from the firm's current customers, trade fairs participation, and approaching potential customers itself. Unlike the other companies profiled, this case firm was a purely export-focused company. Its business has been growing each year, and it continued to focus 100% of its efforts on exporting. The firm has made no changes to its domestic activity in response to its exporting activity because it has never targeted the domestic market in the first place.

Role of Assistance and Support Agencies

Actually, the company has expanded its export business by attending the DITP's overseas exhibitions. Although the DITP paid a portion of the expenses associated with these exhibitions, the company paid the balance, including accommodation and transportation costs. The respondent asserted that the companies' success depended on understanding the culture and tastes of the host country. However, customers' behaviour could also be learned from attending the trade fairs. The case firm sometimes participated in a particular fair overseas more than once such as those in Japan and Germany (The world largest food fair) in order to remind customers of its existence and pick-up local climate on trends, customers' needs and so on. The firm also attended food shows in foreign nations on its own, without the DITP's assistance.

The company has established a number of informal relationships to assist with developing all aspects of its export business. These relationships helped the firm to gain beneficial connections, particularly with suppliers. The interviewed company was also a member of the DITP, which provided financial support for participation in certain exhibitions, thus helping the firm to access new markets. However, the case company did not have much interaction with OSMEP, and it has established no special agreements with other businesses in Thailand or overseas to facilitate its business transactions in foreign markets. The interviewee did not specify any relationships with other organisations in the food sector or other related areas, and did not participate in industry associations or had connections with universities. The firm was a member of the DITP only and it participated in few programmes. However, this was unsurprising, given the relatively small size of the firm and prior marketing experience and export knowledge of the firm's owner. As for banking, it used a commercial bank, not SME Bank or EXIM Bank, for ease and convenience.

The respondent explained that the relationships the firm has forged with some selected organisations made exporting easier. The DITP was cited as particularly beneficial because it already has established connections in other nations, which helped smooth the path into new markets. However, like many of the other companies profiled, the case firm did not participate in any activities associated with the local government authorities.

Comments on the Assistance and Support

The interviewee believed that finding information by themselves was highly important when identifying foreign markets. This was useful for determining whether or not its products were suitable for particular foreign markets. For example, if consumers in a particular nation favoured soy sauce over fish sauce, the firm would need to change its products in order to be successful within the nation's marketplace. Having this information in advance enabled the case company to exploit new foreign markets more effectively. The DITP was also helpful when the company had no any information about a particular country. While the respondent stated that the company's existing overseas customers were the most significant relationship when entering and selling to foreign markets. This enabled it to keep apprised of new social trends and laws that might affect its export business, as well as helped it to strategise proactively and therefore be more successful when trading with foreign nations. Overall, it appeared that the greatest benefits the company has received from the relationships it has forged with other organisations included gaining access to information that could aid in product development targeted to particular markets and keeping in touch with foreign customers. This helped the company to identify trends that could affect its exporting activities within particular regions and fine-tune its products to meet specific market needs.

4.1.10 Case 5 (Phase II)

Current Export Activities

The firm profiled for Case 5 has also entered new overseas markets since the previous interview took place. The company targeted to access marketplaces in Saudi Arabia, Sweden, and Greenland based on customer recommendations and pre-existing connections, and it has also established relationships with customers in new marketplaces by participating in THAIFEX-World of Food ASIA, where many foreign importers normally visited.

The company has added new products in response to customer requests, and also sent out product samples to customers when opportunities arose. In addition, existing customers' orders have been increasing as they have expanded their own businesses. Therefore, the case firm's expansion strategy as well as an opportunity presented to the business have led to these developments. Other than exporting, the company has not established any joint ventures, overseas subsidiaries etc. to facilitate its exporting activities over the past year. However, the firm's owner maintained a close relationship with customers, who notified the firm when new regulations arose. The respondent remarked that the firm's service, product quality and the uniquely Thai characteristics of its products made them attractive in overseas markets. These products were sold under the firm's existing brand and the house brand (customer brand). The company actually attempted to encourage its customers to build their own brands in order to maintain their competitiveness.

Main Changes

The company's website has not been updated since the last interview was conducted; therefore, it still could not take orders or receive payments. Financial transactions were still made via a bank. Communications were handled predominantly by email as before; however additional way to connect with its overseas markets was that the company's owner sometimes visited overseas customers directly. The company did not conduct any of its business online, and the interviewee did not mention any plans to update the website or develop the firm's capacity for e-business in the future.

The company was still export-focused, with exports representing 100% of its turnover and higher sales. Increase in exports has created a need to hire more part-time employees in addition to its existing employee base. However, the cost of labour has increased significantly since the government implemented the 300-Baht-per-day minimum wage, which has made it impossible for the company to employ additional full-time staff. The firm's size was still within the SME range and growth rate has been increasing resulting from increasing order volume from existing customers as well as orders from new customers. The interviewee added that new customers were recommended by friends and existing customers, and in some cases the customers found the case firm from the DITP's exporter list. However, the respondent did not reveal its annual turnover (Baht).

Role of Assistance and Support Agencies

The only one government agency with which the company maintained a relationship was the DITP. The DITP provided the firm with updated information about relevant issues such as seminars and trainings, business matching, trade fairs, new export policies etc. which were useful. The respondent cited that the firm rarely participated in overseas trade fairs. Importantly, the company relied more heavily on its own informal networks of existing customers and friends to expand its market access, and had little interaction with the DITP at the time this Phase II interview conducted and has never used any internet services or facilities of other organisations. In addition, the case firm received no local community support and has not established relationships with any other organisations to facilitate its exporting activities.

The interviewee believed that the firm could have identified and exploited foreign markets but it would be difficult without any assistance from other organisations or groups, and its existing customers were noted that were very important. The DITP would be helpful and make things easier for the company in case of new markets and not much information available. Commercial diplomats were helpful for learning about and entering foreign marketplaces. In fact, they would normally provide useful information relevant to respective markets such as suitable products and prices, foreign importers, competition, customer needs etc.

4.1.11 Case 6 (Phase I)

Company Profile

The firm profiled for Case 6 was established in 2011 and served both local and foreign markets. The company specialised in producing small, crispy, fish snacks in various flavours spanning the range from sweet to spicy or salty. It employed 6 full-time staff; each of 3 units (Marketing, Purchasing, and PR-Production) maintained a staff, and the other 3 employees worked for Store Department. The firm's owner was also responsible for negotiations and overall business.

Decision to Exploit Foreign Markets

In 2013, the case company exported to Myanmar, India, and South Africa. It began exporting in 2012 as a result of a deliberate strategy. The firm approached the DITP and requested for a list of importers for each nation, as well as searched websites for information that could lead to export opportunities. The company initially targeted

countries within ASEAN as it believed that these countries were similar to Thailand in terms of such as consumer behaviour, requirements and regulation etc. and travelling was also more convenient. On the other hand, the EU was recognised that was more difficult to enter as it necessitated obtaining various certificates. Myanmar was selected as the firm's first export destination because the company's owner had a friend there who could provide useful information and regulations, thus could help the firm gain access to the local market. In addition, the company was approached by agents from certain nations, including India and South Africa. In case of India, an Indian agent found the case firm on a web search engine. While an agent in South Africa, Thai people living there saw an opportunity to sell the products to this market as there was a large population of Thai labourers in South Africa.

The company has also been proactive and engaged in various promotional activities to obtain foreign customers. One such activity was setting up a booth at the DITP's THAIFEX-World of Food ASIA, which enabled the case company to gain three new customers from Hong Kong and China, though the relationships did not continue. The case firm planned to participate in trade fairs overseas in next 2 years in order to promote its products.

Information Exchange and Payment Systems

Like the other companies profiled for this research, the interviewed firm had a website with company information. However, it did not have the capacity to take orders or accept payments through this site. Customers typically ordered by using email and paid through a bank. In addition, the firm stayed in contact with its customers via email and telephone.

Exports made up approximately 30% of the company's total business, and this proportion was increasing since the firm's name was added to the exporter list maintained by the DITP. The only significant change in the company's domestic activities that occurred since it began exporting was a shift in the firm's packaging process. In fact, the case firm switched from the use of single packs to dozen packs and used packaging materials that were wind-resistant and stable.

Role of Assistance and Support Agencies

The company has forged relationships with a number of other organisations to facilitate its foreign market exploitation, including the DITP and the Federation of Thai Industries (FTI). For example, it always attended the DITP's seminars and trainings and FTI's activities. Actually, these events helped establishing good relationships with other entrepreneurs leading to connection building and idea sharing and the company often met its agents there. Moreover, the firm has developed informal relationships with friends (eg. an agent in Myanmar, who helped the company develop the Myanmar market for its products). It also established its own group, the Food Trade Association, which brought entrepreneurs together to share ideas and information. Although, it has not officially made agreements with other businesses in Thailand or overseas in order to facilitate its business transactions in foreign markets, the case firm participated in the "New SMEs" project by the DITP. Under this project, the government agency sent a PhD to help it improving its marketing which facilitated foreign market exploitation.

The company had no experience in borrowing money from a bank. However, the respondent heard that government banks including EXIM Bank and SME Bank offered lower interest rates; nevertheless, the firm's owner considered the process of using these banks to be overly complicated. The primary strategy that the company used to make foreign business transactions go smoothly was to select export destinations that were relatively flexible in terms of national requirements, which reduced the likelihood of problems. In addition, the respondent asserted that the firm did not need to make agreements with other food industry businesses because it manufactured its own products from the raw materials to the end-products. However, it used agents in other nations to make the exporting process easier.

When asked about the support provided by the local community to assist with exploiting foreign markets, the interviewee noted that the DITP (Chanthaburi Province Branch) helped to facilitate cooperation with overseas nations. However, it was claimed that this cooperation would not be exceptionally difficult to secure, and that the case firm could have managed the process without the assistance of additional parties.

Comments on the Assistance and Support

The interviewee also noted that agents were particularly helpful and important, and that it was important to maintain good relationships with them. When asked to identify the relationships that have been most beneficial when identifying foreign markets, the respondent cited the DITP and Department of Foreign Trade (DFT) as particularly useful information sources to consider entering foreign markets. Agents were confirmed as the most beneficial entities for actually trading within foreign nations.

4.1.12 Case 6 (Phase II)

Current Export Activities

Over the past year, the company profiled in Case 6 has entered new markets in Malaysia and Laos by approaching local agents and friends. This expansion strategy was motivated by the economic recession, as the firm needed to find new markets in order to increase its overall sales. It has also added one new product, tooth brushes, to its product mix. The company has not established any joint ventures, overseas subsidiaries etc. other than exporting. The respondent remarked that uniqueness, better quality, and lower prices of the products made them attractive in overseas markets.

Exports accounted for 40% of the company's turnover, a 10% increase from the previous year. The company has hired additional staff, primarily day-pay employees because it could not afford to add more full-time staff due to the high cost of labour. At the time the Phase II interview conducted, it maintained a total staff of approximately 100 and the respondent believed that this number was sufficient for the company's current activity levels; however, the firm would hire more staff if orders increased. The interviewee also noted that the firm has not invested in any machinery because the business at that time was human-based. It was still considered as a small-sized enterprise; however, its annual turnover was not mentioned.

Main Changes

This company no longer had a website, having shut it down after the domain expired. The owner noted that it was not worthwhile for the company to remain the website as the sales were involved with acquaintances and mainly done by email and phone. Payments were made through a bank, and the company was willing to accept cheques, but only from those it has established long-term relationships. The company might

adopt e-business technology in the future, but did not feel at the time the interview conducted that this was a worthwhile strategy.

Role of Assistance and Support Agencies

In the past, the firm had worked with the DITP to facilitate its export activities, but it was revealed in this interview that it did not have time to attend any of the DITP-related activities. However, the respondent noted that the DITP's activities and trade fairs were beneficial because they helped the company to acquire new customers. The firm had also worked with the Food Trade Association, which brought entrepreneurs together to share ideas and information; however, the respondent indicated that the organisation was unsuccessful. The firm has rarely received support from local authorities to facilitate its exporting activities. It has actually involved with the DITP (Eastern District) only for participating in trade fairs. Interestingly, the interviewee highlighted that partners and friends have been involved in facilitating the firm's export activities including product development and production related activities etc. and it has rarely used the DITP's services. The respondent noted that friends, partners, and trade forwarders were very helpful for identifying and exploiting foreign markets, whereas government agencies were not particularly useful. Therefore, the interviewee believed that the firm could have accessed new markets with help from its own network of associates, informal networks.

4.1.13 Case 7 (Phase I)

Company Profile

The firm profiled in Case 7 was established as a family business in 1989, though it has since grown to encompass 150 full-time employees. The company consisted of 5 departments with a manager each. The largest proportion of these employees (70) fulfilled Administrative Functions such as Office Work, Storage, Human Resources, Maintenance, Purchasing, Transportation, and other support. A further 50 were in Production, 9 in Marketing, 4 in R&D, and 5 in Accounting Departments. The company's products were dietary supplements extracted from seaweed, available in tablet, capsule, and powder forms. In addition to manufacturing and selling the products under its own brand, the case firm also worked as a manufacturer for other companies.

Decision to Exploit Foreign Markets

The firm began exporting in 2009. This was a deliberate strategy, put forward and promoted by the company's owner. The owner had worked at Department of Fisheries and gained a scholarship from the Chulabhorn Research Institute to conduct a research on seaweed. After leaving the department the owner founded the company further researched that the product was popular in other nations including Japan and South Africa. Hence there were indicating that there were good prospects for exporting. The company's first export destinations therefore were Japan and South Africa, though it has since expanded the export side of the businesses to Bangladesh, Malaysia, the US, the UK, Australia, Switzerland, Iran, and Finland. The business has a farm, which provides the basis for “Agro Tour”, whereby tourists, and existing and prospective customers can visit to witness the elements of the production process. This was cited as a useful way of generating new customers for the business.

The company was also a member of the DITP and participated in its overseas road shows, which were useful for gaining new customers. However, the respondent stated that the firm mainly attended trade fairs in Thailand. It also participated in events held by Department of Industrial Promotion (DIP) where new customers, and suppliers of machines; raw materials; and packaging were met. The interviewee expressed that the cost of attending fairs depends on “booth” size and location and participation in some events had no direct expense. The firm was sufficiently well-known that customers often approached it on their own initiative, having encountered it during road shows or through the company website, or in response to recommendations made by agents.

Information Exchange and Payment Systems

This firm had a website with company information and the capacity to take orders. However, it did not have the ability to take payments through the site; therefore, financial transactions were conducted via a bank. Most communications with customers overseas were handled through email, typically by the firm’s owner on initial contact, after which further communication might be handled by an employee.

The export side of the company's business was still relatively small, accounting for just 5% of its overall activity, although this represented an increase from the previous year. Exporting has not changed the firm's standard production processes, which already conformed to most countries’ requirements. However, exporting has created a

need to prepare new documentation, as well as increasing the number of products that must be manufactured.

Role of Assistance and Support Agencies

The case firm has established relationships with many different organisations to assist in developing the export side of its business. These included the DITP; the DIP; and the NFI, which assisted with training those involved in production, as well as laboratory space and quality assurance; nonetheless, there were some expense. The company also received support from the Science Centre and the Thailand Research Fund, which helped it to reduce costs and make processes more efficient, as well as assisting with equipment and research. It also received logistical support from the Federation of Thai Industries, and has established relationships with local schools so that students could take part in the company for internships. Because the case firm was the only producer of its kind in Thailand, there were no local product-focused associations it belonged to. As for foreign relationships, the company's management team had a relative in the US that helped to manage the market there. The respondent did not cite any special agreements with businesses either in Thailand or overseas to facilitate foreign business transactions. Importantly, the firm's primary concern was meeting the standards required to trade with foreign nations, and it has already been certified for Halal, GMP, HACCP, ISO 20002, and other important standards before starting its export. For financial issue, the company used 2 commercial banks as the banks' conditions were already acceptable thus it did not rely on government banks.

The company received support from the local community for a variety of activities. The post office offered support in terms of documents and postal fees. Provincial Administration Organisation helped promoting Agro Tour. In addition, it had been offered to participate in OTOP exhibition. However, the respondent affirmed that foreign market exploitation support from local community was insignificant; therefore, the entrepreneur always dealt with the central government agencies as mentioned above.

Comments on the Assistance and Support

The interviewee believed that the company could identify and exploit foreign markets without support from others, but thought that it would require a lot of works to do so on its own because the firm's primary focus was the Thailand market. When asked to

name the most significant relationships for assisting with the identification and exploitation of foreign markets, the respondent did not cite any particular external organisations, instead noting that customers approached the firm rather than the other way around. These customers helped it identify target export markets, and relationships with customers were also the most important when entering and selling to these foreign markets.

4.1.14 Case 7 (Phase II)

Current Export Activities

The company profiled in Case 7, like many of the other firms, has been expanding its markets since the Phase I interview including Vietnam and France. The firm has accessed Vietnam through an agent while a French chocolate entrepreneur has known the firm through its website thus contacting to purchase its products. It has also added new seaweed based products to its exports including homemade ice cream, cakes, cookies, and fruit juice. The company also had plans to expand its business into seaweed based facial care products such as moisture scrubs and masks. The respondent noted that the firm's annual turnover at the time this Phase II interview conducted was approximately 10 million Baht per year considered as medium size, and its export sales accounted for 8% of its turnover, up from 5% in the last interview. The increase in exports, as well as development in new products could relieve a fall in business from its OEM customers, who have not been able to advertise their products since the military coup in May 2014. The increase in exports has led to factory expansion to increase production areas, and equipment and machinery improvements to raise the firm's production capability.

The interviewee believed that the firm's growth has resulted from maintaining quality and standard of its products (considered as its strength) as well as health benefits of seaweed. Although the firm has rarely conducted the advertisement, it lasted for over 20 years. The firm employed about 170 staff members at the time this interview conducted, with most of its work being done manually rather than using equipment. The respondent stated that this was sufficient for needs at that time, although there was a need for skills improvement.

Main Changes

The company has somewhat changed its online strategy. It has added a Facebook page and changed the website slightly to reflect this. However, it still did not take overseas sales via its website. Although it took small orders via its website from Thai customers, these still had to be paid via bank transfer. The firm still connected with its overseas markets mainly via email.

Role of Assistance and Support Agencies

The company has linked with a number of government agencies and universities. It has worked with Chiang Mai University to develop new products and modify production equipments for drying and pressing as well as design packaging. The interviewee remarked that some projects needed to be paid while others were not required. It has also been supported from Chiang Mai University and Department of Primary Industries and Mines (DPIM) to develop logistics system for distributing, moving and storing its products in order to reduce loss, waiting time, and storage costs. In addition, the firm has participated in the DITP and the Ministry of Industry's trainings. However, it has never used any internet services or facilities of these organisations.

New Agreements with Other Businesses

Interestingly, although no any agreements have been developed, the organisation has planned to establish joint ventures with other firms in France, Africa, and Vietnam. The respondent mentioned that the firm had participated in OTOP programme as a 5 star OTOP winner; however, it no longer dealt with any local agencies. The interviewee opined that it would be impossible to identify and exploit foreign markets without support from other organisations as it needed helpful networks and consultants. This was slightly different from what mentioned in the last interview that the firm could do those tasks without other parties' assistances; however, it would be difficult.

4.1.15 Case 8 (Phase I)

Company Profile

The company featured in Case 8, which was established in 1989, specialised in Northern Thai foods such as chili paste, deep fried pork skins, and Thai curries. The firm employed 60 people, including 55 full-time and 5 part-time staff. There were 8

managers and 20 of its staff members work for sales, 18 for production, 10 for accounting, 3 for marketing, and 1 for human resources. The company did not have a dedicated export department.

Decision to Exploit Foreign Markets

The case firm registered with the DITP, and began exporting in 2001. Hong Kong became the company's first export destination after it acquired a Hong Kong customer during the DITP's THAIFEX-World of Food ASIA held in Bangkok. The respondent noted that the firm's objective in attending the fair at that time was actually selling its products to retail customers but fortunately, the company met the Hong Kong importer and started exporting. The company continued to participate in the DITP's trade exhibitions held both in Thailand and overseas where the DITP supported the firm for "booth" expense and transportation cost. However, personal expenses such as accommodation and air ticket had to be paid. The respondent also reported the limited impact of the fairs. Whilst attendance generate orders, these tended to be private buyers for personal consumption rather than wholesalers or other businesses seeking to bulk-buy.

The company's export strategy has not been the result of a deliberate plan. Instead, it began exporting in response to interest from importers in other nations. Later it has also expanded its export businesses by offering more sales channels through its website as well as establishing R&D team for product development to meet its customer's needs. A short time before the interview was conducted, the company was participating in the "SMART Exporter" project by the DITP, which provided training in the exporting process, regulations, laws, export documents, and price setting. It exported to various nations at the time the interview conducted, including Austria, France, the UK, and the US.

Information Exchange and Payment Systems

The firm had a website that provided the company's basic information and, unlike many of other interviewed firms, the website had the capacity to take orders. However, it could not take payments through the site; therefore, financial transactions were still conducted via a bank. Communications with customers were normally handled by email, and the case company did not maintain any staff overseas.

The interviewed company served primarily the domestic market, as exports accounted for only 5% of its turnover; nonetheless, the export portion of its business has been increasing every year. The only significant change the company made to its domestic activities to facilitate exporting was to alter its packaging design so that it had a more modern and international appearance.

Role of Assistance and Support Agencies

The company has established links with a number of organisations to support its exporting activities. In addition to being a member of the DITP, it held memberships with the Thai Chamber of Commerce and the Federation of Thai Industries. The DITP helped with training, provides information regarding export laws and regulations, and offers opportunities to participate in international road shows. The Thai Chamber of Commerce and the Federation of Thai Industries also offered training at lower rates than those available to non-members. Additionally, the case company also worked with the National Innovation Agency (NIA) to invest in a machine for the production of deep fried pork skin products. In addition to support from these organisations, the firm has established relationships with various customers who helped with issues surrounding product demand, packaging, and import laws and regulations in their countries. However, the company has not developed any agreements with other businesses in Thailand or overseas to facilitate its business transactions in foreign markets.

The firm found its relationships with other organisations and individual customers highly beneficial. The respondent noted that customers were particularly helpful in the areas of product development, packaging, and ensuring that products were suitable for the cultures associated with their intended export destinations. The DITP was also helpful, providing support in the form of providing useful export related information, training and trade exhibition opportunities that could potentially lead to new sales channels. In addition, the local community provided support in terms of raw materials and labours. However, regarding government support, the case firm normally contacted and consulted the central government bodies rather than local government agencies.

Comments on the Assistance and Support

The interviewee perceived that the firm could have capitalised on some of the export opportunities available without the assistance of other organisations because a number of foreign customers have contacted the firm directly through its website. However, information about exporting laws and regulations provided by the DITP and related parties was valuable, as the company would not otherwise have up-to-date information on these critical issues. However, despite acknowledging the role played by the DITP, the respondent believed that customers were the most important sources of information when both identifying, and entering and selling to foreign markets whereas the DITP provided only basic information. Thus, the DIPT was seen as useful, but was not considered to be the primary source of information for the case company.

4.1.16 Case 8 (Phase II)

Current Export Activities

The firm profiled in Case 8 has expanded into new marketplaces, having accessed markets in Sweden and Denmark through its participation in the DITP's THAIFEX-World of Food ASIA in Thailand as well as trade fairs overseas. It has also added a new product, instant curry paste, to its existing product mix. The company aimed to expand its exporting through enhanced customer satisfaction and sales. To achieve this, the firm worked with its existing export customers to develop its products and packaging, adapting the size and overall image to the specifications of particular customers. However, it has not established any joint ventures or overseas subsidiaries, other than exporting. The company really differentiated its products with a focus on high-quality, unique Northern Thai food which made them attractive in foreign markets.

The company maintained a staff of 60 employees. It has not employed any additional staff since the previous interview took place. Those who oversaw the firm's exporting activities were also responsible for the domestic marketplace; therefore, there was no need to add any more employees to facilitate exporting. The company fell within the SME range, with a 2 million Baht registered capital; nevertheless, its annual turnover was not stated.

Main Changes

The company has made some changes to its website over the past year. These changes have actually been informational rather than technical. It provided more detail regarding its products and more comprehensive instructions for placing orders through the website; nonetheless, it still did not have the capacity to take payments. In fact, only 0.05% of the company's sales were conducted online at that time and it has not yet had any overseas orders placed through online channels. Foreign customers normally placed their orders via email because they typically ordered in high volume, and communications were mainly handled by email as before; however, the case firm was likely to establish a new factory overseas and find a representative working there.

The company has increased its exporting activity slightly, with exports accounting for 5.5% of its overall turnover; therefore, its production capacity could be maximised leading to overall cost reduction.

Role of Assistance and Support Agencies

When asked about the organisations or groups that have assisted the company in developing its export capacity, the respondent cited customers, intermediaries, and the DITP as particularly helpful. Customers provided feedback about the products enabling the firm to improve its products to meet their satisfaction. Intermediaries often informed the case company with market characteristics, market possibilities, customer needs etc. while the DITP provided useful update information regarding trade issues and regulations. The firm has also participated in the DITP's seminars and trainings, which provided useful information about how to operate in various countries. In addition, the DITP helped the firm by providing opportunities to participate in trade exhibitions and overseas study tours.

However, the company has not used any internet services or facilities of these organisations/groups. It has not established any new agreements with other businesses in Thailand or beyond to facilitate its exporting activities. While the firm received some support from the local community in the form of raw materials and labours, it normally connected with the central government agencies rather than the local ones in case of export related assistances. Interestingly, assistances from other organisations or groups seemed to be more important for the case firm's export activities. The respondent did not believe that the firm could identify and exploit foreign markets

without support from other organisations or groups which was different from what mentioned in the last interview. Actually, the other parties were considered as useful sources of information only at the time the Phase I interview conducted; however, it was claimed that the firm could conduct its export business without the support of other organisations or groups.

4.1.17 Case 9 (Phase I)

Company Profile

The company profiled in Case 9, which was established in 2006, specialised in frozen bird nest products (both packaged and unpackaged). The firm was relatively small, with only 10 staff members in production, a quality control officer, an accounting officer also working as manager and responsible for order taking and delivery, and the owner fulfilling a variety of roles including management, marketing and sales. The company began exporting in 2006; however, instead of managing the export side of the business on its own, the case firm sent its products to Bangkok where intermediary customers continued with the exporting process, sending the products on to various destinations.

Decision to Exploit Foreign Markets

The case company did not begin exporting as part of an intentional strategy. Instead, it entered exporting by chance when foreign intermediary customers including Chinese and Vietnamese approached the firm's owner and asked to do business. Hence, the firm was established as an export company in response to customer demand.

According to the respondent, bird nest business was complicated and was involved with wildlife protection act; therefore, there were two business streams for exporting bird nest products. One was the legal concession system, for which licenses could be obtained, and the other was the home care bird nest system (case of the interviewed firm), which was illegal and therefore offered no certification options. The latter was essentially a black market activity, which made exporting more challenging and complex. However, the case company was not involved in this beyond. It actually produced the products and sent them to Bangkok, then Chinese and Vietnamese customers found out how they would take the products to their nations themselves. Thus, the firm's customers handled the complicated exporting process without assistance from the firm.

The company's first export destinations were China and nations with relatively large populations of Chinese immigrants such as Vietnam, where demand for bird nest products was high. The firm has not explored the potential for exporting to Western nations because according to the interviewee, people in those nations would not consume bird nests due to fear of contracting bird flu.

Information Exchange and Payment Systems

Unlike the other firms profiled, this company did not have an online presence. It once maintained a website but no longer did so, though the firm's information was included in the DITP's exporter list. All payments were made by cash, and foreign customers contacted the company directly to place their orders and confirmed pickup dates. Communications were handled via regular email and by phone.

Exports made up only a small proportion of the company's business at that time, amounting to only 10% of its overall turnover, or around 4 million Baht per month, and the case firm has not made any changes to its domestic activity as a result of exporting. Vietnam was the firm's primary market, as customers in that nation like to purchase fresh bird nests that have not been processed. Although the company's overall volume of exports was increasing, prices were going down as a result of oversupply. In fact, country of origin marking requirement was implemented, the products (in the black market) therefore were not allowed to be imported into China. According to the respondent, prices decreased from 40,000 to 50,000 Baht to only 10,000 Baht per kilogramme.

Role of Assistance and Support Agencies

The company has established relationships with a number of different organisations to facilitate its exporting activities. For example, it participated in "Small and Medium Entrepreneurs Development" Project by the Department of Industrial Promotion, the Ministry of Industry. This project offered entrepreneurs with training in business processes, laws, taxation, packaging, accounting and budgeting, export processes, and so on. The interviewed company later became a member of Association for the Promotion of Thai Small and Medium Entrepreneurs (ATSME) as a result of participating in the mentioned project. The respondent noted that the association provided several useful activities including exchanging ideas and solving business

problems among members. Another benefit was that the firm's products could be presented and marketed to around 6,000 to 7,000 members of the association.

The interviewee stated the DITP as being helpful in providing financial support for trade exhibitions, which typically covered 30% to 50% of the associated expenses. However, the respondent highlighted that the products could not be sold continuously except in the fairs as the firm could not find out how to export. Regarding financing, the company used SME Bank due to 0.50 Baht lower interest rate. Fortunately, it was considered to be a part of SME Bank's "Fast Track" Project as a result of participating in the DITP's trainings and projects; therefore, funding was facilitated.

Comments on the Assistance and Support

The respondent cited that relationships with customers, friends and acquaintances reinforced the company's foreign market identification and exploitation. Training was also particularly useful, as it provided opportunities to meet many different people and thus could help the company gain new customers and build trust and credibility. In addition, certain local authorities such as the Provincial Commercial Officer, the Provincial Industrial Officer, and the Industrial Promotion Centre (Region 10) have helped the case company in various ways such as organising requested factory tours where the firm could gain various useful ideas.

Although the interviewee believed that the firm could identify and exploit foreign markets without any assistance from any parties, it would be very difficult to do so. As for the relationships that were most beneficial for identifying, entering, and selling to foreign markets, the respondent stated that customers in China and Vietnam were the most helpful for achieving these aims.

4.1.18 Case 9 (Phase II)

Current Export Activities

Although the company profiled in Case 9 has not added any new customers in the past year, orders of its existing customers in China and Vietnam have been increasing, and the company has expanded its product line to include cosmetics made from bird nest extracts. The firm initially did its own manufacturing, but has since transferred this work to an OEM as it did not require a large fund. An additional advantage of this strategy was that the OEM handled all of the certification paperwork. The case

company was also preparing to export the new product thus it planned to participate in the Industrial Promotion Centre (Region 10)'s business matching in Vietnam to enhance its prospects within the market.

There have been changes within the company's existing export markets since the last interview took place. China has implemented changes to its import rules so that companies specialising in bird nest products must obtain certification, which could be challenging. Unfortunately, the Thai government has not yet signed a memorandum of understanding (MOU) with the Chinese government to enable legal exporting. The Vietnam marketplace has been more amenable, with larger allocated quotas. In addition, the company could further enhance its prospects in the Vietnamese market by seeking certification from the Food and Drug Administration as well as health certificate. Orders from Vietnamese customers have been increasing as they have been using the case company's products as a basis for developing their own product offerings with health concerns such as bird nest congee. Expansion of the firm's product lines making its sales increase was a result of the company's deliberate strategy of expansion. When asked to mention what made the firm's products attractive in foreign markets, the respondent cited their uniqueness and good quality.

Main Changes

This was only one firm in this study which did not have its own website. Communications were still handled via phone and email with an additional mean, line messaging app. Payments were still made by cash; however, the company planned to receive payments through a bank transfer when its export activities were certified. Staffing levels at that time were still the same (12 employees), and annual turnover was 50 million Baht. The company has made no changes to its export volume, which has remained stable at approximately 10% of overall turnover. It has also made no changes to its product processes or services in the past year.

Role of Assistance and Support Agencies

The firm has worked with other organisations to facilitate its exporting activities, including Association for the Promotion of Thai Small and Medium Entrepreneurs (ATSME), which has provided assistance with business matching in the Vietnam market. The company used its own internet and facilities rather than relying on other organisations, and it has not established any new agreements with businesses in

Thailand or beyond. However, it has still received support from local government agencies such as the Provincial Commercial Officer, the Provincial Industrial Officer, and the Industrial Promotion Centre (Region 10) to facilitate its foreign market exploitation. The interviewee still believed that the firm could identify and access foreign markets without support from other organisations; however, it would be difficult to do so.

4.1.19 Case 10 (Phase I)

Company Profile

The company profiled for Case 10 was established in 1998. The firm's products included jasmine rice, white rice, Pathumthani rice, and sticky rice. It maintained 50 full-time staff. There were 6 managers, 35 staff for production, 4 for accounting, 3 for sales, and 2 for marketing.

Decision to Exploit Foreign Markets

The case company began exporting as part of a deliberate strategy in 2007 because the owner needed to expand the firm's market to encompass an international customer base. It initially sold the products in the domestic market as well as to other exporters. Later, the firm needed to develop its own brand and started exporting. It began the process by monitoring news and information about exporting provided by the DITP and participating in food exhibitions, which provided opportunities to meet new buyers from abroad. The company's first export destination was Germany where the firm was able to access through a wholesaler for Asian products who had particular interest in high quality Thai jasmine rice. This contact was made during the DITP's THAIFEX-World of Food ASIA and has been carried out continuously. The DITP was actually instrumental in helping the company to obtain its first foreign customer. Interestingly, the interviewee highlighted that the firm's foreign customers were mainly obtained through trade fairs such as THAIFEX-World of Food ASIA, Anuga (Germany), SIAL (France), Gulfood (UAE), Fine Food (Australia), and so on.

Information Exchange and Payment Systems

The case firm had a website with company information; however, this site could not take orders or receive payments. Customers normally communicated and placed orders with the company by email and payments were made via a bank. The respondent stated

that the company did not maintain any overseas staff; therefore, it normally connected with its overseas markets by email.

Jasmine rice was the company's primary export product, with 60% of its jasmine rice going to foreign markets. In recent years, the case firm has expanded and established greater credibility, which helped it to acquire more foreign customers. However, the company's owner anticipated a potential slowdown in rice exports in a short time later because the Thai government offered a price guarantee for rice. This meant that the price of rice products from Thailand at that time was higher than the prices for similar products from nearby nations such as Vietnam, Cambodia, and India. As a result, it would be difficult for Thai exporters to compete effectively with entrepreneurs in these nations. The owner's pessimistic outlook was supported by the findings of a recent survey, which indicated that Thailand exported only 6 million tons of rice in the prior year, compared to 10 million tons the year before. Thus, the firm's owner recognised the price guarantee as a potential barrier to exporting for Thai companies specialising in rice products.

Role of Assistance and Support Agencies

The company has made a couple of changes in its domestic activities to facilitate exporting, the most significant of which has been to strengthen its brand within the local marketplace in order to make the firm more credible to overseas customers. It has also maintained its relationship with the DITP to facilitate and develop its export strategy. The DITP provided some financial support for participating in trade exhibitions in foreign nations, as well as helping the company in sending samples to exhibitions without incurring any costs. Additional organisations with which the interviewed firm has established relationships to support its export activities included the Thai Rice Exporter Association and the Thai Rice Association. It also had agreements with the bank, which included an exchange rate risk guarantee to facilitate business transactions in foreign markets.

The company found its relationships with several parties very beneficial in helping to identify and exploit foreign markets. Many others within the industry, such as exporters and rice millers, were particularly helpful because they could share their experiences and knowledge of the market situation, as well as information about customer trends and consumption cultures in other nations and regions. For example,

European customers preferred premium 100% jasmine rice and were willing to pay higher prices for it, whereas African customers would sacrifice quality to pay lower prices and were therefore willing to accept low grade (broken) rice in high volume to keep prices down. Having this knowledge helped the interviewed firm to develop its export strategy in a way that met the needs of particular regional marketplaces. As for local assistance, the company received support from the provincial government agency, where its rice mill was located. For example, the government invited the firm to participate in “World Jasmine Rice Festival”, thus providing an excellent local marketing opportunity.

Comments on the Assistance and Support

The respondent believed that it would be possible for the firm to identify and exploit foreign markets on its own. However, without the support of others, particularly the DITP, this would be difficult and expensive. The interviewee also noted that the DITP was very useful, both for identifying potential export markets and entering those markets. Overall, this company found the DITP to be the most beneficial organisation for helping to facilitate its export activities.

4.1.20 Case 10 (Phase II)

Current Export Activities

The company profiled for Case 10 has entered a number of new markets since the previous interview took place including Hong Kong, Nigeria, and Australia. It has accessed these markets by participating in various trade fairs, including the THAIFEX-World of Food ASIA in Thailand, Anuga in Germany, and SIAL in France.

The company has not added any new products to its exports over the past year, and there has been little change to its existing export customers, saving for a slight decrease in sales. The respondent attributed this to the fact that the firm's prices were relatively high compared to those of its competitors as a result of the government's “Rice Mortgage Scheme” and considered this as a potential barrier to exporting for Thai rice exporters. At the time this second interview conducted, the firm has not established any joint ventures or overseas subsidiaries, other than exporting. The interviewee remarked that high quality of the firm’s products made them special in overseas markets and also attributed the superiority of its products to the excellent growing conditions for Jasmine rice in the region.

Main Changes

The company has made no changes to its website over the past year, and not made any sales through online channels. Its website still could not take sales orders or receive payments, and communications with overseas customers were still handled via email and phone. However, the company planned to use social media marketing applications such as Line and WhatsApp in the future to connect with its overseas markets. The company has also not made any changes to its staffing since the prior interview was conducted. It continued to maintain 50 employees and its annual turnover ranged from 500 to 1,000 million Baht. Exports as a percentage of its overall turnover have decreased since the previous interview took place. The interviewee attributed this reduction to the government's "Rice Mortgage Scheme" resulting in higher prices of rice products, which made Thai rice less competitive within the international marketplace.

Role of Assistance and Support Agencies

With regard to the organisations or groups that have provided support for the firm's exporting activities, the respondent still cited the DITP as particularly useful because it has provided the financial support required to participate in many overseas trade exhibitions which enabled the firm to meet its potential customers. The Thai Rice Association has also been involved in facilitating the case firm's exporting. Members of the association normally shared useful ideas, experiences, and knowledge regarding export activities. However, the case company has not used any internet services or facilities of these organisations. The company has not established any new agreements with businesses in Thailand or overseas during the past year, nor received any support from organisations or groups within the local community. The interviewee still believed that the firm could identify and exploit foreign markets without any support from other organisations; nonetheless, the interviewee maintained that it did a better job of accessing these markets with government assistance than it could manage on its own.

4.1.21 Case 11 (Phase I)

Company Profile

The company profiled in Case 11 was established in 1994 as a family business. It specialised primarily in sauce products such as sweet chili sauce, regular chili sauce, oyster sauce, pad Thai sauce as well as rice noodles. The company maintained 15-20

full-time staff, all of whom were engaged in production activities with the exception of a single manager. As this was a relatively small company, the firm's owner managed sales, marketing, and accounting activities, though some accounting tasks were outsourced. The company planned to expand eventually, but at that time was struggling to survive the economic crisis. Thus, any plans to grow the company were on hold until the economic situation improved.

Decision to Exploit Foreign Markets

The case firm began exporting at its inception in 1994 as part of a deliberate strategy. The company initially manufactured and sold its products to other exporters. The firm then participated in trade fairs in order to find foreign customers directly. The company also simply contacted customers directly after obtaining their information from the importer list. The firm's first export market was the US and its first export product was rice flour. The connection that gave it access to the US market was established when a US importer sought the cheapest rice flour available and the case firm was able to supply this product at a highly competitive price. Over the years, the company increased the number of products it exported, and at the time this interview conducted, all of its products were available for export, both manufacturing for other exporters and exporting on its own. The most significant change that the case company made in its domestic activities as a result of exporting was moving to a new factory. This move was made to overcome production capacity problems, as demand for its export products increased. Other major changes were not required because this company has been exporting since its inception, and exports constituted 100% of its turnover.

Information Exchange and Payment Systems

Like many of the other firms profiled, this interviewed company maintained a website; however, the respondent noted that it provided little information and did not have the capability to take orders or receive payments. Communications were done via email, and because the company was relatively small, those communications were typically handled directly by the firm's owner.

Role of Assistance and Support Agencies

The interviewee did not cite any relationships as being particularly beneficial for assisting with the firm's export activities. However, when asked about other organisations that have helped the case company to develop and facilitate its export

strategy and choose appropriate foreign markets, the respondent said that the firm has attended some government programmes that assisted with product development and received some financial support from the DITP to participate in trade exhibitions overseas. Nevertheless, it has not received any support from the local community.

This company has developed its export strategy largely on its own. Nonetheless, it simply found customers using a list provided by the DITP and gained new customers through trade exhibitions. Although the case firm has established a cooperative agreement with a company in China to facilitate its transactions in foreign markets, it planned to end this agreement in the near future because the Chinese contact proved challenging to deal with.

Comments on the Assistance and Support

When asked what sort of aid has been most beneficial for identifying and exploiting foreign markets, the respondent cited monetary assistance as the most helpful form of support. This financial assistance enabled the company to participate in trade exhibitions, which were useful for acquiring foreign customers. However, the interviewee believed that the firm could identify and exploit foreign markets without any support from those parties. It was argued that the most important factor in exporting in this case was a readiness to export, rather than any support from government or other agencies.

4.1.22 Case 11 (Phase II)

Current Export Activities

The company profiled in Case 11 has also expanded into new foreign markets since the previous interview took place, as well as developed a new product, organic noodles. This product, which met the EU standards was exported to Port of Rotterdam, where customers (intermediaries) distributed the product to the EU nations.

There were problems in the US market including the economic crisis (Hamburger Crisis) and trade barriers. To sell certain products in the US, the firm would have to obtain National Organic Program (NOP) certification, which was being prepared. As a result, the company shifted its focus largely to the EU, though it still dealt with the US to a lesser degree. These developments came from both the case firm's strategy and an opportunity presented to the business. In fact, launching a product new to the

market was a part of its expansion strategy and as the EU was open for products meeting its standards, the firm's new product could be exported to the EU countries. At the time the second interview conducted, exporting was the only one mode for the company to enter foreign markets. The respondent believed that the uniqueness of its organic rice noodle products and its diversified offerings (rice noodles in various colours) made them attractive in foreign markets.

Main Changes

The company has made no changes to its website since the prior interview was conducted, and the respondent cited lack of time as the reason for not updating the site. The firm did not conduct any of its business online through the company's website, which was maintained only to provide information. It did not have the capability to take sales orders or accept payments. Communications were still handled by email and phone, and there were no plans to change this approach in the future as customers needed to talk directly to the company.

Exports as a percentage of the company's overall turnover have increased over the past year, which has created more work and some delays for customers thus the company planned to move to a larger factory as soon as possible to accommodate this rise in export activity. The company has also increased its regular staff to 25 employees and at the time this interview conducted it had an annual turnover of 10 million Baht.

Role of Assistance and Support Agencies

When asked about the organisations that have supported the company's exporting activities, the respondent cited the SME Bank, which would facilitate the company's growth by providing a loan to fund its upcoming move to a new factory. However, it was noted that although the SME Bank provided reasonable loan rates, the process of obtaining loans from the bank was quite slow.

The company did not establish any new relationships or agreements with other organisations or businesses to develop its export capacity, nor did it receive any support from the local community. However, the respondent believed that the firm could not successfully identify and exploit foreign markets without the support of other organisations which was different from what mentioned in the previous interview. Although the interviewee did not specify which organisations were beneficial, in the

previous interview, the DITP was cited as helpful, and an additional organisation, the SME Bank was also involved in facilitating its foreign market exploitation.

4.1.23 Case 12 (Phase I)

Company Profile

The company profiled for case 12 was established in 1999. The firm grew, packed, and exported fruits and vegetables, serving both domestic and international markets, and also acted as a trader for a variety of additional products such as sauces, canned fruits and vegetables, and jasmine rice. This relatively small company employed 14 full-time staff and approximately 20 in manufacturing (essentially packing), though this number was not stable because employees were paid daily. Professional staff included a managing director, a factory manager, a marketing manager, a purchasing staff, and another in charge of accounting, finance and human resources.

Decision to Exploit Foreign Markets

The case firm has been exporting since its inception in 1999. It actually began exporting as a deliberate strategy (before selling to the local Thai market) because the company considered that the food market was growing, particularly in countries that imported most of their foods. Also, the respondent was encouraged by the Thai government's food sector campaign "Kitchen of the World", which has created new export opportunities for companies in Thailand's food industry.

The company's export business began with a single customer. The firm's owner actually had a preexisting connection with an overseas customer before the firm was established; therefore, it was able to begin exporting immediately. The case company's first export destination was Hong Kong, where it already had a purchasing order. As the respondent said, Hong Kong was one of the best destinations for the company's products because it was a major food importer. The firm has since gained customers in other nations, and the interviewee believed that its success in obtaining foreign customers was partially attributable to the fact that Thailand had an established reputation for the quality, taste, and safety of its food products.

The company exported approximately 90% of its turnover. However, the respondent revealed that the proportion of domestic sales was increasing as export markets were declining. This was a result of growing Chinese competitors and rigorous import

regulations of many countries leading to increasing costs. The interviewed firm typically acquired its foreign customers by participating in trade fairs hosted by the DITP and by having its marketing staff contacted importers directly.

Information Exchange and Payment Systems

The respondent stated that the firm normally connected with its overseas markets via email, telephone, and social media channels such as WhatsApp and Skype. As the company was established as an exporter, there was no any change to its domestic activity to facilitate exporting. Like many of other interviewed firms, this case company had a website with basic information; however, it did not have the ability to take orders or accept payments.

Role of Assistance and Support Agencies

The company has forged relationships with several organisations to support its export activities. In addition to receiving support from the DITP, the case firm attended seminars and trainings and obtained updated information about laws and regulations from the Thai Chamber of Commerce. These organisations also provided the financial support required to attend trade exhibitions such as “booth” expense and transportation cost. In addition, these agencies coordinated with importers to participate in the fairs as well as provided business matching service. In addition to the DITP and the Thai Chamber of Commerce, the interviewed company has established relationships with organisations issuing export-related documents such as the Department of Agriculture, insurance companies, and so on. The company's relationships were primarily with government-related entities. Nonetheless, it has not developed any agreements with other businesses, either in Thailand or overseas, to facilitate its business transactions in foreign markets.

The company found its relationships with many parties highly beneficial, particularly those with customers, government agencies, suppliers, banks, and surprisingly local and foreign competitors. The respondent maintained that these parties provided the case firm with valuable support in many different ways. The most useful forms of support included financial assistance that enabled the company to attend trade exhibitions and thus access new markets, assistance in acquiring product standards sign on package, business matching services to connect the company with suitable importers, and providing updated laws and regulations relevant to its exporting

activities. Entities within the local community were also supportive. The local government body reinforced Thai SMEs to conduct growing plant trials in Thailand instead of importing raw materials from overseas. This assistance enabled the company to offer new products and increase the competitiveness of its pricing in relation to that of other nations.

Comments on the Assistance and Support

The interviewee believed that the company could identify and exploit foreign markets without support from other organisations. However, it would waste a great amount of money in doing so and it might not be able to access many new markets due to budgetary limitations, which could present significant barriers to trade. When asked to determine the most important relationships when identifying foreign markets, the respondent cited the DITP and commercial ambassadors providing information about customers in their respective nations. While relationships with importers were asserted that were the most significant when entering and selling to foreign markets. Overall, of the Thailand-based organisations that have provided assistance to the firm, it appeared that the DITP has been the most helpful.

4.1.24 Case 12 (Phase II)

Current Export Activities

The firm profiled in Case 12 reported income of about 100 million Baht per year during this Phase II period. The firm employed 14 full-time workers, with 20 to 30 part-time workers (increasing as needed using day workers or temporary workers based on changes in demand). The firm exported about 90% of its products as before, with only about 10% of its products going to the Thai market as it has just started.

The firm has not entered into any new overseas markets. However, it has seen increasing export sales, particularly in the past few weeks. The firm attributed this to reduction in transportation costs due to low-season air cargo rates. It has introduced a cucumber snack product to its product line for existing customers. The respondent stated that these developments were a result of an opportunity that was presented to the business. It has also developed a joint venture with one firm, other than exporting. The interviewee attributed the firm's success in the export markets to several factors. These included fresh produce (from its northern Thailand gardens), HACCP and GMP

certification, a standard discount policy, and B2B marketing using leaflets and brochures about the products.

Main Changes

The firm has not made any changes to its website since the Phase I interview was conducted. It still did not take orders or receive payments via its website. It communicated with customers by using email, telephone and fax, as well as several alternative communications and IM programmes like WhatsApp, Skype, and additional one, LINE. The firm had a preference for IM programmes because they allowed rapid communication. The case company also regularly visited its foreign customers. The interviewee believed that the communications could be improved to provide much more rapid feedback as well as communication costs were reduced.

The firm has seen changes in its operations due to the increase in export activity. At the time the Phase II interview conducted, the factory was still operating under capacity, but if the firm grew more it would need to outsource production first and undertook a factory expansion later. It has seen an increased staff size over the past year, as well as more reliance on overtime for existing employees. However, its ability to meet export demand was limited by the seasonality of its products. If the raw materials were out of season it might be forced to refuse export sales.

Role of Assistance and Support Agencies

The firm was heavily involved with government agencies, including the DITP, Thai Chamber of Commerce, and Department of Agriculture. The interviewee reported it has received substantial support from these agencies, including financial support, information, trainings and seminars, and trade fair participation to help it build up the business. Nonetheless, the company has not used any internet services or facilities of these organisations. The respondent mentioned that the firm has also been supported from local authorities, especially updated information and knowledge. However, it has had relatively low participation in exhibitions since the last interview was conducted due to its limited budget. The interviewee still confirmed that it would be very difficult to identify and exploit foreign markets without any support from other organisations discussed above. The cost would be higher and it might not be worth without the support. Government programmes helped lower the cost and made it easier to promote products through the commercial ambassadors in their export target countries.

4.1.25 Case 13 (Phase I)

Company Profile

The company in Case 13 was a producer of dried fruit and vegetables, including seedless dried tamarind and it was established in 2005. It employed 50 and 100 staff members. 10 full-time staff included a manager, a staff for each of sales, accounting, and human resources, and 3 staff for each of marketing and production. There were up to 90 part-time production staff depending on production needs, who all worked on day or piece rates depending on the task.

Decision to Exploit Foreign Markets

The company started exporting its products in 2010. This was a deliberate strategy, and the firm began by starting to exhibit at trade fairs including THAIFEX-World of Food ASIA, OTOP, and Made in Thailand (MIT); as a result, it met traders and foreign importers there thus the relationships were established. The firm's first export countries included Brunei, Singapore and Malaysia. The interviewee asserted that dealing with government bodies was a waste of time. Training programmes and seminars provided were barely advantageous and the case firm did not get much help from those government agencies when starting to export. The only one benefit was actually trade fairs which were distribution channels; however, the respondent remarked that participation costs were expensive and officials were rarely helpful. A trade fair in Vietnam was an example where few visitors attended as the government agency had not coordinated with entrepreneurs there. Another trade fair in India was also unsatisfactory. It was emphasised that participation in trade fairs was normally not an efficient way to gain new customers; nonetheless, the firm merely expected to learn design, shelves, and packaging of products in foreign markets for its own adjustment. However, the firm could gain new customers from attending a trade fair in Australia, one of few successful examples. The interviewee added that a foreign importer who has conducted business for 21 years and trustworthy distributed the case firm's products to many Thai restaurants in Australia.

There were many useful distribution channels for the firm's products according to the interviewee. One of them was department stores in Thailand where foreign importers could recognise these products thus approached the firm directly to purchase them to foreign markets. Social networks like Facebook were also an advantageous channel. The case company did both produce products under its customers' brands as well as

export its own-brand goods. Approximately 20% of its total sales were made into export markets which were mainly in Asia including India, China, Indonesia, Singapore, the Philippines as well as Canada. Due to being seasonal products and the firm's limited production capacity, it would not be able to produce goods for exporting in case domestic customers made substantial orders. Therefore, the company normally used exports to absorb its excess capacity. As a result, this approach limited the effect of exports on the company's domestic activity, since it continued to remain focused on the domestic market.

Information Exchange and Payment Systems

The company mainly contacted partners and customers in overseas markets via email. While it had a website, it could not be used for receiving orders; therefore, customers contacted marketing and sales representatives directly to place orders instead. This indicated that the firm had little opportunity to directly reach outside customers. However, given the seasonal nature and low availability of products for export this might be an acceptable compromise for the firm.

Role of Assistance and Support Agencies

Although the case company had dealt with government agencies in the past, it did not perceive much benefit from this. The respondent stated that the firm participated in a seminar by the DITP and SME Bank; nevertheless, it was not useful as it mainly covered old material that the firm was already aware of. The company also received a 5-star OTOP award; however, this had little benefit other than being able to use the logo on packaging and its booth location for trade fairs was not good. The benefits the company gained were not actually better than what other companies (3 or 4 star award recipients) received.

Informal networks mainly facilitated the case firm's foreign market identification and exploitation. Thai Food Cluster, which brought together entrepreneurs in the food industry and the company was a member at the time of this interview, was claimed that was beneficial as useful information was often exchanged among them such as good raw material, suppliers etc. Friends and customers were also helpful who suggested important information for specific foreign markets like regulations, requirements, customer needs and so on.

Comments on the Assistance and Support

The company did not perceive those government programmes above were helpful, and instead sought out private alternatives. For example, the respondent stated that the case firm used general commercial banks rather than SME Bank or EXIM Bank facilities, since these government-supported bank facilities did not provide for the needs as entrepreneurs. In general, the respondent indicated that government bodies that were designed to assist entrepreneurs were not proactive and friendly and did not provide the help that was actually needed by entrepreneurs. Furthermore, the use of travel agencies to organise trade fairs was not effective, because they did not have the specialist knowledge needed to promote the market. The company also had not received any support from local authorities or community groups to exploit foreign markets.

The interviewee believed that the firm could accomplish its export goals without the help of government agencies. It had the most help from personal informal connections, which have helped to establish relationships with firms in the export countries. The respondent concentrated that government agencies, which were supposed to help, have not done so. The case firm perceived its export processes as primarily self-directed and established without help from government agencies designed to help. Its export position could be characterised as intermittent and low volume, with export channels being used for export capacity but not being supplied when there was domestic demand. This could make a difference in how effective the government programmes were for the firm.

4.1.26 Case 13 (Phase II)

Current Export Activities

The firm profiled in Case 13 reported a turnover of 50 million Baht per year in this Phase II interview. It employed 120 staff (including 30 full-time and 90 part-time). It has maintained the same number of 90 production part-time employees, but has hired more full-time quality control employees. Overall, the firm's export sale at the time of this Phase II interview was the same 20% as before due to supply reduction. When asked to say what made the firm's products attractive in overseas markets, the respondent said that Phetchabun tamarinds used as raw material were well known with high quality. The firm's products were also Halal-certified, and certified by Food and

Drug Administration of Thailand as well as awarded 5 star OTOP winner for 3 consecutive years.

Main Changes

The firm has shown some changes in its export markets. It has entered Vietnam where a trader introduced the firm to the Vietnamese customer. It has also developed a new product, chocolate-covered tamarind (including dark, white, and milk chocolate varieties) with single-serving package. In addition, the company has changed strategy to act as a trader, working with a cluster of other companies to offer mixed packs of products from those firms. The respondent revealed that the firm's already existing export customers have not much changed. Due to seasonal products, limited production capacity, and labour instability, the company was not pursuing a focused expansion strategy. It accepted new customers (though it did not seek them out) and produced products to order, but was not deliberately expanding its coverage. However, in case of order increasing, the case firm would hire more part-time staff. It was also focusing on the wholesale market, directing customers with orders of fewer than 100,000 Baht to its existing intermediaries such as supermarkets.

The firm has adapted its website to include an English version; however, it has not made changes to its web strategy thus it still did not take web-based orders or payments. It continued to connect with its overseas customers via email only, and did not have an explicit marketing strategy. The respondent expressed a number of problems with the firm's production at the time of the interview. One problem was lack of tamarind supply, since growers were reducing their tamarind crops. The company also had human resources problems, since it used hand-shelling and seeding instead of machines.

Role of Assistance and Support Agencies

The company has moved away from dealing with the DITP and the Federation of Thai Industries (FTI), because of disappointing results with external promotions and exhibitions. The respondent also given an example of frustrating that although the company won 5 star OTOP award for 3 consecutive years, it has never got the best booth location. In addition, the local government agencies' assistance was not helpful for the firm. The respondent also stated that the theoretical knowledge offered by entrepreneur education programmes was not beneficial, since the firm has already

known it, and it was often outdated. Instead, it was focusing on Thailand's markets, because of tamarind's regional and seasonal nature.

The company was working with the Thai Food Cluster (TFC), which was more of a resource and knowledge sharing network between food firms instead. For example, firms had shared English interpreters at THAIFEX- World of Food ASIA and advised each other on attaining certifications like Halal certification. The interviewee felt that working with other entrepreneurs was more effective than government agencies. Traders were highlighted as a key group in facilitating the firm's foreign market exploitation. The firm still relied on private financing as it was more flexible and convenient than the government-supported banks like SME Bank or EXIM Bank. Actually, the case firm has never used any internet services or facilities of these organisations as the interviewee perceived that they were out of date. In addition, it was still confirmed that the company could identify and exploit foreign markets without any support from other organisations discussed above. However, traders and group of entrepreneurs were mentioned earlier that were helpful and important for the case company thus facilitating its foreign market identification and exploitation.

4.1.27 Case 14 (Phase I)

Company Profile

The firm in case 14 produced processed tamarind. It was established in 1998 and registered as a company in 2002. The interviewed company employed 80 full-time employees including 4 managers, 5 distribution staff, and 10 administration staff (including accountants and sales, with accountants being responsible also for human resources). The rest of the staff worked for production.

Decision to Exploit Foreign Markets

Initially, Thai exporters bought the case firm's products to sell overseas and since 2007 it has started exporting directly. According to the respondent, the official starting point was that the firm began to participate in government-sponsored trade fairs such as THAIFEX- World of Food ASIA held in Thailand by the DITP which was cited as being most helpful and the best channel because its DITP sponsorship brought in a large number of international customers especially those from Asian countries including China; Japan; the Philippines; Indonesia; Vietnam; India, Australia, Europe, America, and Middle East. The direct invitations and funding for potential bulk buyers

from major markets that was offered by the DITP for its trade fairs was also cited as a reason why these fairs were so successful for the firm.

The case firm's first export market was Australia followed by India, Sri Lanka, Vietnam, Bangladesh and other Asian countries. The interviewee revealed that the firm exported to the US but it faced export difficulties thus at the time this interview took place it no longer exported there. The company has also participated in fairs in foreign countries held by Thai government agencies such as "Thailand Exhibition" where the government body subsidised booth and transportation costs; however, personal expenses including air ticket and accommodation had to be paid. According to the respondent, this trade fair included many kinds of products, not only foods; as a result, few large food entrepreneurs and target customers were met. It was also informed that there were normally 4-5 world food fairs held in foreign countries a year by international agencies; nonetheless, the case firm has never attended these events because of high expenses.

At the time of this interview, the company started to approach overseas importers as well. The respondent reveals that the firm hired a staff based in Thailand and regularly visiting overseas markets. The staff had good relationships and connections with traders and overseas entrepreneurs which were very valuable. Such relationships facilitated entering its new foreign markets satisfactorily. For example, the staff was offering the company's product samples to importers in Hong Kong. Earlier, the products were presented to department stores in Singapore successfully. The interviewee added that this approach was effective and inexpensive. Other than such direct contacts, the interviewed firm also participated in food events organised in those countries.

Information Exchange and Payment Systems

The firm had a website with the company profile and product information, but like most of other companies in this study orders could not be placed via the website. Instead, they were done via email, and payments were made via bank transfer. This was a standard approach to performing these tasks based on this study. Customer contacts (including routine contacts as well as marketing information) were also done via email.

The company's business was primarily domestic, with about 10% of sales going to export markets. The interviewee stated that the firm's sales volume was increasing each year, and it was starting to actively seek out export customers instead of waiting for these customers to approach. As yet, this did not affect the production process because the volume was comparatively low. However, there was a need to focus more on product quality with export products. The company was planning to redesign its factory in order to cope with more stringent quality demands and volume before undertaking a significant amount more export business.

Role of Assistance and Support Agencies

The interviewed firm has established relationships with different organisations. Relationships with the National Food Institute (NFI) and the Food Science Department (Innovative House) at Silpakorn University helped in product development and production process improvement, although the firm must do testing itself. The Thai Chamber of Commerce and the Federation of Thai Industries also offered many useful activities for entrepreneurs; however, according to the respondent, as the firm's size was not large enough, it limitedly participated in those events. The DITP, the Office of Small and Medium Enterprise Promotion (OSMEP), and the Department of Business Development (DBD) are government agencies that have also provided assistance in various ways. The interviewee stated an example of the OSMEP's supports which was providing consultation as well as suggesting SMEs with helpful relevant organisations to deal with. In addition, the case firm participated in training programmes held by both private and government universities such as "Business Incubation" for new entrepreneurs or potential exporters which were valuable according to the respondent with little expenses.

Informal relationships with especially the firm's foreign customers were also highlighted that were very helpful. These customers actually provided the firm with useful information for conducting business in their countries including taste, packaging, regulations and standards (other than international standards required such as GMP, HACCP, Halal Standard etc.) and so on as well as recommendations for further business.

Regarding financing, the interviewed company has not used government banks like SME Bank or EXIM Bank. The respondent noted that these government banks mainly

offered loans for entrepreneurs to manufacture export products; however, this was not required by the case firm as mostly it would receive deposit payment which could be paid for production. For borrowing needs, private commercial banks were more flexible and had less strict documentation requirements, which made them more helpful as well as interest rates were similar to those of the government banks. The interviewee claimed that SMEs normally gained other assistances from the government rather than financing assistance. For its local community support to exploit foreign markets, the firm received some assistance in agriculture from local authorities in its manufacturing site in Phetchabun Province. However, regarding marketing and industry it mainly connected with central government agencies.

Comments on the Assistance and Support

The respondent believed that the firm could identify and exploit foreign markets without any supports from those parties; nonetheless, it was much easier to do so as a result of those assistances. Participating in trade fairs enabled the firm to identify which foreign markets to approach and enter. An example the interviewee cited was considering which countries most attendees in THAIFEX-World of Food ASIA (an international food fair held in Thailand) came from. Relationships with the DITP were mentioned as the most significant when identifying foreign markets. Actually, commercial diplomats were working in many countries to facilitate firms' foreign market exploitation. In addition, commercial offices abroad normally provided firms with useful information including importer lists, distributors, relevant organisations and so on in each market. On the other hand, informal network connections with traders and entrepreneurs in foreign markets were the most important when entering and selling to these markets.

4.1.28 Case 14 (Phase II)

Current Export Activities

The firm profiled in case 14 reported its sales of approximately 200 million Baht a year. The staffing level was at about 100 people at the time of the Phase II interview, a slight increase from the last interview. The respondent said that the uniqueness, high quality, and reasonable price of the firm's products made them attractive in overseas markets. The firm has entered a number of new export markets including Saudi Arabia, Kuwait, Myanmar, China, and Vietnam by either participating in trade fairs, including THAIFEX-World of Food ASIA, or foreign importers approaching it. It has also

established relationships with new traders in China. The respondent added that the DITP organised trade fairs particularly in AEC countries like Myanmar, Cambodia, and the Philippines. By participating in those events, the case firm was gaining a new customer from the Philippines.

The company has not added any new products to its exports since the last interview; however, it was in R&D process. Regarding the existing products, the firm focused on their quality improvements, such as improving packaging to extend shelf life from 2 to 6 months which would improve its export capabilities. It has undertaken these projects with universities, the NFI and Department of Industrial Promotion (DIP) partially subsidised by these organisations. There have been some changes since the last interview. The firm has used a highly flexible production and packaging strategy in order to meet export demand. The respondent explained further that the items regularly modified to meet customers' needs and sale volume. For example, new products would normally be developed to replace declining ones. The firm might also adjust packages or reduce the package size. These developments were a result of the firm's self improvement policy due to dynamic market and intense competition.

At the time of the Phase II interview, the company still used only export as a way to enter foreign markets; nonetheless, it has constructed a new factory, increased production capacity, found new markets with focusing more on foreign markets than the domestic market. The respondent indicated that the firm planned to expand its business in several markets by the sale staff mentioned in the last interview approaching to foreign importers as well as more participation in overseas trade fairs. Food fairs in Germany and France were some of the events it planned to attend in order to expand its business.

Main Changes

The firm has not made any changes to its website. It still could not accept orders or payments via the website. Regarding connections with its overseas markets, the firm still communicated with customers mainly via email as well as the sale staff met customers overseas directly. Sometimes, it hosted some customers on its production site. The respondent noted that these should not significantly be changed in the future, particularly since the firm was mainly selling through distributors. It was approached by some distributors for exclusive deals, and this was under consideration, though a

decision has not been made yet. The respondent reported that the firm's overseas sale volume remained 10% of its total sales which was still unsatisfactory due to the economic problem and political instability. The case firm however was preparing to expand its business in advance by increasing small number of staff and constructing a new factory.

Role of Assistance and Support Agencies

Additional organisations have been involved in facilitating the firm's foreign market identification and exploitation including Ministry of Foreign Affairs inviting it to participate in Halal Food Expo in Russia. The firm also linked with Thai Embassies in various countries which normally organised events such as "Thai Fair" to support Thailand's exporting and the firm attended the fairs in the Philippines and Singapore. The interviewee remarked that "booth" cost in those events was almost fully subsidised although personal expenses and transportation cost had to be paid. Regarding the development of new agreements with other organisations, as mentioned earlier, the firm has cooperated with universities, the NFI and the DIP to do R&D as well as quality improvements with a partial subsidy in order to facilitate its business transactions in foreign markets.

However, it still has rarely had connections to local authorities as it has mainly linked with central government agencies. Nevertheless, the firm has seldom used any internet services or facilities of these organisations as the interviewee opined that the services regarding especially information were insufficient. Unsurprisingly, the respondent still considered that it would be difficult to identify and exploit foreign markets without support from other organisations especially the DITP. The DITP actually provided information about target markets as well as regularly arranged trade fairs with matching services to help the firm find customers and distributors.

4.1.29 Case 15 (Phase I)

Company Profile

The company profiled in Case 15 was a producer of instant and dried noodles and was established in 1996. It employed 50 full-time staff, including 2 managers, 3 sales and marketing specialists, and an accounting and HR person. The remainder of the staff members worked for production. This made it a mid-size company compared to other companies in this study.

Decision to Exploit Foreign Markets

The company started exporting its products in 2000, initially working through an export agent that handled issues such as orders and seeking out new customers. This established a market for the firm's products in Hong Kong (its first export market). A few years later, the company participated in the DITP's export promotion programmes to broaden its export markets. However, it continued to work extensively with traders and directly with customers, and was not dependent on the DITP for market entry.

Information Exchange and Payment Systems

The company had a website, containing company and product information. However, orders and payments could not be made over the website. Orders and other customer contacts were normally done by phone or email to Thailand-based sales staff and the firm did not employ any sales representative outside Thailand. This was consistent with the practices of other firms in the study, most of whom did not have extensive ordering capabilities on their websites.

The company's export volume was about 40% of its production in 2013, which was an increase of about 5% from the year 2000. The company attributed this increase to a more direct targeting of the export market. Its major export markets included Hong Kong, Taiwan, China, and Malaysia; however, the respondent did not reveal all of its export markets. The change in targeting export volume has not made any significant difference to its production processes or business otherwise. However, this might change if the firm's export share continued to rise.

Role of Assistance and Support Agencies

The organisation's main government partnerships were with the DITP, which helped to organise trade fairs and subsidised for "booth" expense and other costs associated with attendance. This helped the firm contact customers in markets including Taiwan and Malaysia, where they had not reached previously. The company also maintained active relationships with traders, who helped to establish customer relationships with overseas partners. Like many other firms in this study, there were also informal network connections at work in this firm's export strategy. In particular, the respondent noted that the Chinese market was reached through a friend who was already in the market, rather than through its established trader relationships or the DITP's programmes. The firm did not really have much contact with the local

organisations or authorities, and instead mainly used the DITP's programmes. This was consistent with other companies in this study, which mainly connected with national level programmes.

Comments on the Assistance and Support

The interviewee believed that without government support it would be very difficult for the firm to conduct its export business. This was particularly related to the expense of seeking out export markets. For example, the DITP subsidised for "booth" expense and other costs associated with marketing through trade fairs, where the company relied on to contact customers and made connections outside its established export markets. The respondent also stated that traders and the DITP were essential for identifying potential export markets, while customers were also helpful when entering and selling to those markets.

Compared to other companies in this study, the company in Case 15 made relatively light use of government programmes for SME export support. The company did not identify any use of facilities like SMEs Bank or EXIM Bank, where other companies used (or at least tried to use) to fund their export processes. It also did not use the National Food Institute's services for redesigning its product. There were also few mentions of trade groups, OTOP, the Thai Chamber of Commerce, or the other groups that were variously mentioned. This suggested that the firm was a relatively light user of government agency services, since the only service really used was the DITP trade show support programme.

Overall, this company had a more positive view on the DITP and other support programmes than most of the companies in this study. This could be because of the relatively light use of such programmes, which did not expose the company to some of the programmes that seemed more complicated (such as the SME Bank and EXIM Bank) or not designed for small and medium businesses (such as the Thai Chamber of Commerce programmes). However, this company also had substantial connections with traders and export agents, which was how they established many of their business activities. This could be a reason why the firm did not have as much involvement – and possibly a more positive view – in government programmes and organisations designed to encourage export business.

4.1.30 Case 15 (Phase II)

Current Export Activities

The firm profiled in Case 15 reported its sales of about 40 to 50 million Baht per year categorising itself as a medium enterprise. There were approximately 60 employees, an increase of 10 people since the Phase I interview conducted. About 30 to 40 staff were required to support its export operations. The firm's export sale was approximately 50% of its overall sales. The respondent mentioned that its products were successful in the international market because of high quality and long shelf life, which set them apart from competitor products.

The firm's export markets have expanded since the previous phase interview, with a new market being established in Singapore. Its export markets have mainly been driven by customer demand, with new customers seeking out the company directly. The company has not added any new products to its exports since the last interview. Instead, it was focusing its efforts on improving existing production mechanisms. These improvements were buying new machinery and hiring more staff to meet increased demands. This was mainly driven by export growth, although the firm has also had increased demand in the domestic market. The respondent also added that export was still solely used by the company as mode of entry into foreign markets.

Main Changes

The firm has not made any changes to its website since the Phase I interview. It still could not take orders or allow payments via the website. The company also continued to primarily use email and phone to contact customers, and still did not make or receive site visits from customers. The respondent revealed that the firm however was considering about changing this strategy and allowing ordering directly from its website over the next few years. This change was intended to deal with increased customer demand, which increased the number of staff the firm needed to manage customers' orders and requirements.

Role of Assistance and Support Agencies

The firm had private connections that helped it maintain its international markets. For example, a personal Chinese connection managed customers and contacts in the Chinese market. However, it has not established any new agreements with any other organisations to facilitate its business transactions in foreign markets. The respondent

highlighted that the firm mainly relied on direct customer contacts instead. Thus, while there were private connections, this was not its main export strategy.

The firm had extensive involvement with government agencies to promote its export products and find new export customers. It participated in trade fairs arranged in international markets by the DITP, taking advantage of the DITP's subsidy for booth space in order to promote its products to new customers. The company was also working with the NFI to help match its products to other firms and find new customers in international markets. However, it did not use any internet services or facilities provided by these organisations and it still did not have connections with its local community. The interviewee viewed these government programmes as being highly important and stated that without the availability of such programmes the company might not consider participating in the export market. This was because of the high cost of participation and the difficulty of reaching customers without support at trade exhibitions and through matching services.

4.2 Network Organisations

Two network organisations were also interviewed at Phase I and Phase II. These network organisations include a government agency (Network Organisation 1) and a not-for-profit organisation (Network Organisation 2) that are involved in assisting Thai SMEs in foreign export markets. The Phase I interviews primarily discussed the activities of the Network Organisation itself. This included for example their objectives and activities, support for SME market entry, selection of SMEs to participate in their programmes, and scale and effectiveness of support. Cooperation with foreign organisations was also addressed. In Phase II, the general position of Thailand's food exporting SMEs was discussed. Additionally, changes and improvements in the network organisation's own programme were examined.

4.2.1 Network Organisation 1 (Phase I)

Main Objectives and Activities

This network organisation was a government agency. Its objectives were to find new foreign markets for Thailand's export products, establish SMEs' export readiness, and facilitate SMEs to reach these new markets. In order to do so, this network organisation attempted to prepare and strengthen SMEs' competencies. Its main activities focused on training SMEs and inviting them to participating in activities like trade fairs

(leading to network and connection building), international trade, and business matching. It also provided SMEs with useful information about the markets and what firms could expect. An example trip to India demonstrated some of these activities. SMEs were informed to prepare company profiles, presentations, and communications and be ready to negotiate. The case organisation also provided information about Indian market including cultures, business environment, target markets, appropriate products, and customer requirements. For example, SMEs were educated that Indian customers liked to bargain price and the market was more appropriate for products Grade B and C than premium products.

Supports for Foreign Market Identification and Exploitation

The network organisation provided a number of supports to food SMEs to facilitate their foreign market identification and exploitation. The organisation supported many SMEs' activities in order to succeed including establishing trade logos such as "Thailand Brand" and "Prime Minister Award", which encouraged certification and quality guarantees and improved marketing opportunities. According to the interviewee, this organisation also assisted in finding markets. It actually conducted market surveys to seek potential markets then worked with institutes and universities to perform training for SMEs about doing business in that specific market including preparation for opening the new market, export procedures, marketing channels, entry modes as well as the needs of the new market. The supports to SMEs have normally changed overtime. The respondent indicated that in fact finding markets have been continuously conducted and members of the network organisation would be provided up-to-date useful information.

Selection of SMEs

The network organisation normally announced annual activity programmes on its website and SMEs would apply to attend the programmes. In order to select firms for participation, the organisation examined factors like company profile and objectives, and performed a matching process to examine what projects they might benefit from. If programmes were available, the firm would be included immediately; however, sometimes programmes were already full. In that case, the firm would be waitlisted and would have priority for the next programme or other programmes. Financing was not a concern for many programmes because of government supports. For some programmes, SMEs paid only for their own personal expenses such as accommodation

and travelling costs which helped the firms reduce the cost of participation. Actually, the amount of government subsidy depended on the type of programme.

Scale of the Supports

The network organisation offered a snapshot of training with typical trip to an international trade show to demonstrate the scale of support provided. The respondent remarked that the organisation spent 2 to 5 million Baht on each trade show or international training, which included approximately 50 people (50 firms) and there were normally 2 to 3 overseas trips each year. In addition, the organisation set up activities in Thailand by cooperation with foreign governments; however, the interviewee did not reveal the exact amount of budget. Other than Baht spent provided, number of firms involved in was informed. There were approximately 1,000 SMEs on its member list participating in activities offered.

Effectiveness of the Supports

The respondent stated that the assistance given to SMEs was highly valuable. It was not only the immediate customer orders that were important to participating firms, but also the long-term customer contacts and experiences in operating in international markets. For example, a company that came back from a recent trip to India could extend its lessons learned to set up export operations to the UK. The interviewee added that SMEs could gain several benefits from the India trip including obtaining purchase orders, meeting more customers, better preparation for doing business, connection establishments and so on. The network organisation's support was also claimed that could be improved. In fact, the organisation normally took recommendations from SMEs for improvement and expansion of its services. For example, a number of SMEs requested this organisation to find more potential markets and provide more useful skills than financial assistance as well as they needed more practices than theories. On the other hand, some SMEs requested for more financial supports and assistance in cost reduction. The respondent remarked that these entrepreneurs sometimes even suggested specific potential markets as they also searched for information. However, it could not follow all suggestions for improvement such as managing the exchange rate and relevant fees which were outside the scope of its influence.

Cooperation with Foreign Organisations

The network organisation interacted with a range of different international organisations. For example, it cooperated with foreign government agencies when setting up trade fairs overseas. These foreign government bodies would communicate to public and also coordinated with entrepreneurs to attend. The organisation also worked with industry specific associations overseas. The interviewee mentioned that most of trade fairs were organised by cooperation between government agencies in Thailand and foreign countries. In addition, industry specific associations in Thailand sometimes cooperated and coordinated with those in foreign countries. Interestingly, the cooperation negotiations would normally be in the forms of Government to Government (G to G), Business to Business (B to B), and Association to Association as these led to bargaining power. The respondent concentrated that the network organisation attempted to support SMEs to participate in trade fairs since this established business network.

Overall, these supports to SMEs benefited Thai businesses. According to the interviewee, Thai economy has significantly relied on exporting SMEs; therefore, the Thai government has provided SMEs with assistances as much as possible in order to succeed and gain long-term competence for exporting products.

4.2.2 Network Organisation 1 (Phrase II)

Performance of Thailand's Food Exporters

The representative from this network organisation stated that export performance of Thailand's food SMEs has become more effective over the past year. In fact, firms could expand their businesses into several new markets. In addition, their product development, production, marketing etc. have been much better making them more competitive in the international market. These improvements have resulted from obtaining significant supports from government agencies which have been more efficient in the past year. The respondent indicated that the network organisation's activities including entrepreneur developments and trainings, providing useful information, trade fair arrangements, business matching services, and finding markets etc. to support food SMEs in facilitating their foreign market identification and exploitation still have been offered. However, they have been regularly adjusted with some suggestions from SMEs.

Main Changes

The network organisation's approach to SME support has not changed substantially. It still used the same selection criteria for SMEs, and still allowed firms to place themselves on a waiting list if a desired programme was full. The network organisation maintained a database of Thai and international companies as well as foreign importers in each country. A database of Thai SME exporters was also available on the websites of foreign government bodies working for international trade promotion. There has been an increase in Baht spent the interviewed organisation has provided to support SMEs. For example, previously, it could organise approximately 2 to 3 trainings with overseas trips a year while at the time of this Phase II interview, it got enough funding for 4 to 5 times per year thus increasing the number of SMEs included in the programmes. The respondent also added that the number of the organisation's SME member continued to increase every year and asserted that the organisation was providing effective assistance for SMEs that took part in its programmes. For example, the interviewee pointed to a company which engaged in business matching in India and then could extend its lessons to set up export operations to the UK. Eventually, at the time of this interview, this company could extend its operations across Europe. It was claimed that this expansion was a result of vital supports providing by the network organisation including trainings on how to do business in specific foreign markets successfully and providing useful information about laws, regulations, requirements, standards and so on.

Improvement of the Supports

The respondent noted that the organisation's supports could be improved. It normally took recommendations from SMEs to improve its assistances. In addition, the organisation regularly adjusted trainings itself to conform to laws, regulations, and requirements in doing international trade. Over time, it has concentrated in trainings, assistances in SME development in order to conduct business in foreign countries effectively and it attempted to expand its services to more SMEs. In terms of means of support delivery, yearly schedule of projects and activities, useful information and basic knowledge were normally available on its website. Trainings and seminars mainly held in specific locations and sometimes in entrepreneurs' places.

The network organisation has often cooperated with many foreign organisations. For example, the interviewed organisation worked with foreign government agencies to

do business matching. Those agencies helped to communicate with foreign entrepreneurs and invited them to the events. The respondent still confirmed that this support to SMEs benefited Thai businesses. As SME exporters generated high income to the country, assisting them to export more would be advantageous for Thai economy overall.

4.2.3 Network Organisation 2 (Phase I)

Main Objectives and Activities

This network organisation was a not-for-profit organisation, with an objective of developing SME competences for exporting to ASEAN countries. The organisation undertook a number of different developmental activities to support this goal. These activities included identifying markets in ASEAN countries and establishing connections directly in these countries. The organisation actually established relationships with specific industry associations in many ASEAN countries such as Malaysia, Indonesia and Brunei and would coordinate with those associations for SMEs' trade benefits. The respondent given an example that a company (a member of the network organisation) exporting its products to Brunei paid much lower transportation cost as an association in Brunei helped to coordinate.

Supports for Foreign Market Identification and Exploitation

The organisation also provided training for SMEs in entering the international market. The level of training was considered from entrepreneurs' readiness. The areas of training and development included such as production, quality improvement, brand development, price setting, and packaging. If entrepreneurs were already ready to begin exporting, advanced trainings such as business negotiation, creating company profile, finding business networks in foreign markets and so on, would be offered on a fee basis as training specialists were normally outsourced. In addition, the respondent mentioned that the organisation offered business matching as well as finding potential trade partners for international customers. For example, if an international customer needed to buy a particular kind of machine, the organisation would find an appropriate company that could sell the product to them.

Another activity the network organisation did in order to achieve its objective was creating Halal business consultants who were normally successful entrepreneurs invited. SMEs would be educated on traditions and doing business in compliance with

Islamic rules. This was needed for firms to export into some ASEAN countries predominantly Muslim, such as Indonesia, Malaysia and Brunei. The interviewee concentrated that this organisation proactively worked. When a SME was actually ready to export, it would be registered in the network organisation and encouraged to export. To do business in foreign markets these days, dealing with trade associations overseas, according to the respondent, was more effective than connecting with government agencies in foreign countries.

The interviewed organisation has gradually adjusted its supports for Thai SMEs over time. For example, new entrants to export markets often needed help with branding, price setting and personnel management as a result the network organisation provided the firms with helpful assistances leading to increasing sales. However, when those SMEs became larger, areas like Cost Management and Human Resource Development (HRD) would be very important; therefore, the organisation would offer such trainings in order to be competitive. In fact, it changed the type of its assistance to SMEs based on their position in the lifecycle and exporting experience; nonetheless, they had to pay for these trainings.

Selection of SMEs

Most SMEs learned about the network organisation by word of mouth, from university development centres, Department of Industrial Promotion (DIP), or other network members. The respondent cited that as the organisation's budget was very limited, it could not provide support to all SMEs coming for support and thus it had some strict requirements for gaining its assistance. For example, SMEs had to obtain HACCP and Halal Certification as well as SMEs' readiness would be assessed by interviewing.

Scale of the Supports

Regarding information on the scale of its supports to SMEs, there was no exact amount of budget as it did not receive grants from the Thai government. The organisation's funding mainly came from its membership fees. There were 2 categories of the membership including 12 extraordinary members and 37 general members. The interviewee noted that extraordinary members (larger and successful firms leading the network organisation) paid a fee of about 6,000 Baht (approximately 128 Pounds) per year. However, general members paid only 200 Baht (approximately 4 Pounds) per year with 50% discount for buying books and academic documents. Thus, most of the

organisation's operations were funded through the extraordinary members, making the relative costs low for most firms. The organisation also received funding from donations when it was invited to give lectures as well as from its committee (most extraordinary members)'s donations.

Effectiveness of the Supports

The network organisation could indicate some evidences showing that its supports were effective. For example, SMEs attending the training programmes had increased sales and entered new markets. In addition, the representative noted that the organisation provided useful information regarding foreign markets and it was the centre for trade coordination as well as cooperated with trade associations in foreign countries. Importantly, the respondent highlighted that conducting business overseas successfully should be started from private organisations not government agencies. The private ones provided business consultants for SMEs until they could export as the interviewed organisation did which was more effective than what government agencies offered. According to the interviewee, when government agencies obtained an amount of budget, they only organised events or trainings for SMEs without following up.

The representative asserted that the network organisation had a plan of improvement and also believed that the supports could be improved to reach international standard; however, a serious problem with the quality of SMEs and their ability to export effectively was indicated. The interviewee pointed out the lack of funding and significant assistance from the Thai government leading to SMEs' knowledge and good business practice lacking. As a result, it was difficult to prepare them for exporting, which was a much more demanding and complex task than operating domestically. This meant that SMEs were often not strong enough to succeed in export markets, although network organisation's support were effective, making it difficult to succeed in encouraging SMEs.

Cooperation with Foreign Organisations

The network organisation cooperated with a number of foreign organisations especially, trade associations in ASEAN countries and aimed to integrate those associations. However, the intention was still difficult as most SMEs were not strong enough; therefore, the development of SMEs' capability for international market was

prioritised according to the interviewee. The organisation also had a strong suggestion that better supports from the Thai government were needed to improve export readiness. The training programmes provided by the network organisation would be suitable for firms which had an acceptable level of the readiness. Overall, its assistances for SMEs were claimed that benefited Thai businesses nonetheless as SMEs were not strong enough, the cooperation between the network organisation and trade associations in foreign countries was restricted thus it could not extend the benefits broader.

4.2.4 Network Organisation 2 (Phase II)

Performance of Thailand's Food Exporters

The representative of this network organisation reported that Thailand's food exporters have been performing much better in the past year as supports to SMEs have been improved. In addition, the network organisation was encouraging SMEs to be exporter rather than be OEMs only. However, it still asserted to provide assistances to SMEs which were strong enough due to its limited budgets. The organisation has modified its approach for food SMEs over the past year. It has implemented a staged approach, offering different types of support at different stages of the firm's life cycle. For example, when a SME became larger, the support would be offered at higher levels as well as the number of consultants for the firm would increase, because of more complex requirements.

Main Changes

The SMEs selection method to gain its support was still the same and quite strict because of its limited budget. The respondent cited that the network organisation could access a database of companies as well as subscribe to an international database; however, publicly available information was insufficient. Interestingly, as the organisation worked with the Department of Industrial Promotion (DIP) organising a programme of entrepreneur development for Halal foods in ASEAN and the outcome was satisfactory, the DIP encouraged it to cooperate with other trade associations such as the Association of Thai Steel Industries other than Foods Association. For example, the network organisation coordinated between an Indonesian entrepreneur seeking to buy machineries from a Thai machinery merchant.

The interviewee added that the coordination was also involved with services other than products. However, the case organisation still was not funded directly from the government; therefore, SMEs needed to pay for participating in trainings provided. Nonetheless, the number of consultants continued to increase from 12 to 30 firms. The respondent believed this organisation's support was still effective as the supported SMEs conducted their business better and accessed new markets as well as they were regularly obtained useful updated information from the case organisation. Thus, there was still a strong benefit for firms to take part in the network organisation's activities.

Improvement of the Supports

There was still room for improvement and development in its services. Targeted improvements included increasing the number of consultants available for working with SMEs and improving trainings to suit with SMEs. In addition, coordination and communication with overseas trade associations were more effective and the case organisation accessed more business networks. To develop a consultant pool, the network organisation was tapping into successful entrepreneurs who were willing to pay for trainings in order to become consultants for other firms with their useful experiences and knowledge. It was also increasing its focus on companies that were seeking to do business internationally; nevertheless, they needed to have an acceptable level of the readiness. The respondent emphasised that firms which were below the specified readiness level as well as the ones which already had high capabilities to conduct business abroad without requiring any assistance from others would not be provided the network organisation's support.

The organisation still did not have a website as the interviewee explained that it needed to save its budget. However, it used online services including email and "LINE" app to communicate as well as send information such as activity schedules etc. to those firms. The respondent reported that the organisation basically cooperated with foreign organisations, especially foreign trade associations, thus associated costs in conducting business overseas for Thai SMEs were much cheaper and still confirmed this benefited Thai businesses. However, this needed to be further improved and more countries and organisations could be included in these relationships. This was consistent with the state of the network organisation in the previous phase as well.

4.3 Conclusion

This chapter has presented a detailed descriptive account of each of the 15 case studies and two network organisations. These descriptive accounts detailed, for example, the background and experience of each of the firms in the export market and the reasons for undertaking export; firm market entry approaches; and the extent to which the firms' approaches to export strategy changed over time. By interviewing each firm in two periods (Phase I and Phase II), it was possible to identify how successful firm strategies were in the long term and how firms made decisions based on their results. The interviews also revealed potentially important aspects of the firm's experience in establishing exports, for example their initial opportunities for exporting. Another important aspect of the interviews was understanding the role of government agencies and other institutions in assisting the case firms in exports.

As the narrative descriptions revealed, some firms were more successful than others at accessing and utilising government programmes, and as a result the attitude toward these programmes and their use was very different. This is an issue that has not been discussed in the literature. It was also surprising that, contrary to expectations set by the internationalisation models, especially the Uppsala model, (eg. Coviello and Munro, 1997; Du, 2003; Johanson and Vahlne, 1977), it was not necessarily the oldest firms that were heavily engaged in exporting; instead, some of the newest firms were most active in export markets, including at least one firm formed specifically for the export market.

Interviews with the network organisations also yielded useful information. This included for example a view of what kinds of resources were potentially available to SMEs preparing for the export market and how network organisations worked with firms. However, it also demonstrated that these programmes may not be able to meet all needs, leaving many SMEs without effective network support. This relates to Johanson and Vahlne's (1990) centralisation of the network in the firm's export experience, suggesting a potential issue for these firms' ultimate export success. This chapter has presented the narrative case studies in depth and breadth, providing a challenge due to the volume of material. In the next chapter, cross-case comparison and thematic analysis are used to distil these narrative results into a more general understanding of the experience of Thai SMEs in food exporting and the role played by network organisations in this experience. This thematic analysis addresses both

shared issues and unique issues, and provides a summary of the conditions faced by SMEs and their use of network organisations and particularly government programmes.

CHAPTER FIVE: ANALYSIS AND DISCUSSION

In the previous chapter, the descriptive analysis of individual cases and the themes derived was presented. This chapter extends and deepens this descriptive data by conducting further analysis in two directions. First, cross-case analysis compares and contrasts the individual cases across the themes. This helps draw out differences and similarities between cases and helps to provide a more comprehensive examination of the findings. This cross-case analysis is also intended to further develop the themes and explain how themes are related and what kinds of ambiguity and contradictions might be seen within them.

The second stage of the analysis in this chapter is interpretation of the findings in light of the theories presented in Chapter Two (Literature Review). The purpose of this analysis is to understand how the current findings may agree with and contradict the theories of internationalisation and network activity presented in the literature review. This is a particularly important question because the research does not stand on its own. Instead, it is an extension and elaboration of existing research into SME internationalisation and participation in export industries and markets. Thus, it needs to be understood in the context of this existing research. The literature analysis and cross-case analysis are integrated, as the key points from each form of analysis are relevant to each other. The literature suggests that firms will internationalise gradually, either as a process of learning or innovation (Coviello and Munro, 1997; Du, 2003; Ruzzier, Hisrich and Antoncic, 2006; Johnson and Vahlne, 1977). It also suggests that network supports and interorganisational relationships will be critical in the firm's export process (Johanson and Vahlne, 1990; Selnes and Sallis, 2003). However, exporting also involves balancing the firm's available resources (Hessels, 2008). Thus, there can be trade-offs between export and domestic trade, and in how the firms utilise their resources.

The contribution of this chapter is deepening the analysis of the firm situation and strategic choices. By identifying a number of common contexts, decision points, strategies, and other aspects of the firm's operations in the cross-case analysis (Section 1), it is possible to understand what could be considered a common experience, attitude or other phenomenon, and what may be less common. The analysis also reflects on reasons these experiences may occur, such as firm characteristics and market sectors.

Furthermore, the chapter also contextualises the primary findings in comparison to the literature. This contextualisation is critical because it is the only way to understand how the social reality of the firms surveyed in this research relate to the theoretical base of the study and to the experience of other firms and entrepreneurs. This also offers an opportunity to question and critique the established theories on the exporting/internationalisation of SMEs.

The chapter is arranged using the themes that were derived in Chapter Four. Thus, the discussion begins with the first theme (Entering International Markets). The next theme examined is Information Exchange and Payment Systems. The third and fourth themes – Roles of Assistance and Network Support, and Opinions on the Assistance and Support – are closely related, and are somewhat discussed together. However, they are also developed independently. The final theme emerges from the findings and comparisons of the firm views and network organisation partner views. This theme, Comparison of Firm and Partner Views, examines how the role of network partners varies according to the firms and the partners themselves. For each theme, the discussion begins with cross-case analysis, presented in a combination of tables, figures, and narrative text. This is then followed by discussion and interpretation of the findings alongside the theories presented in the literature review.

5.1 Entering International Markets

The first theme explored in the primary findings was the theme of entering international markets. Table 5.1 summarises the firms' experience of entering the international market. The initial phase of cross-case analysis was based on comparison of the international market entry experience and the impacts on the firms. This broad analysis is broken down into several sub-themes, including market entry, exporting/internationalisation decisions, impact of export activity on domestic activity, and implication for business operations of the firm.

Table 5.1 Summary of International Market Entry Experience

Case	How Export Effort Led to any Change in Domestic Activity	Phase I	Phase II				Implications for the Operations in Business
		Size			Percentage of Exports		
		Employment		Turnover (million Baht)	Phase I	Phase II	
		Phase I	Phase II				
Born Global Firms							
1	An increase in production staff (Its business strategy not changing substantially)	120	150-180	200 M	70%	80%	- Employing more staff (including food science professionals) - Working longer hours (paying overtime) - Purchasing more machines
2	Increasing its machinery and labour capacity (Not significantly affected from its export effort)	80	100	160 M	70%	80%	- Constructing a new factory - Increasing machineries - A few additional quality assurance or technical staff and administrators might be required (not changing substantially in the number of production employees in the near future)
5	No (A purely export-focused company)	12	Hired more part-time employee	N/A	100%	100%	-Hiring more part-time employees (impossible to employ additional full-time staff due to the 300-Baht-per-day minimum wage policy)
6	A shift in its packaging process (Switching from single packs to dozen packs, and using wind-resistant and stable packaging materials)	6	100	N/A	30%	40%	-Hiring additional staff (primarily day-pay employees)
9	No	12	12	50 M	10%	10%	-
11	Moving to a new factory to overcome production capacity problems	15-20	25	10 M	100%	100%	-Planning to move to a larger factory as soon as possible -Increasing regular staff
12	No	34	34-44	100 M	90%	90%	Note: Still operating under production capacity -In case growing more, outsourcing production needed first and a factory expansion undertaken later

<i>Later Entrants</i>							
3	Changing its production methods, expanding its factory, and applying new standards	165	230 (Mostly with production day staff and a few new administrative and quality control employees)	350 M	85%	90%	- Building up a new factory - Purchasing new machines
4	The need to learn about quality requirements and improve products' standard for foreign markets	50	50 (10% decreased production staff, 10% increased administration staff)	N/A	30%	40%	-Increasing production automation and use of machinery (due to the increased cost of wages)
7	A need to prepare new documentation, and increasing the number of products manufactured (Its standard production processes not changed)	150	170	10 M	5%	8%	-Factory expansion -Equipment and machinery improvements
8	Altering its packaging design to have a more modern and international appearance	60	60	N/A	5%	5.5%	-Production capacity maximised leading to overall cost reduction
10	Strengthening its brand within the local marketplace to make it more credible to overseas customers	50	50	500-1,000 M	60%	Decreased Slightly	Note: "Rice Mortgage Scheme" resulting in higher prices of rice products, making Thai rice less competitive within the international marketplace
13	Limited Effect (Focusing on the domestic market, normally using exports to absorb its excess capacity)	100	120	50 M	20%	20%	Hiring more part-time staff (in case of order increasing)
14	A need to focus more on product quality with export products (Planning to redesign its factory to cope with more stringent quality demands and volume)	80	100	200 M	10%	10%	Constructing a new factory, increasing production capacity (focusing more on foreign markets)
15	No (Might change if its export share rising)	50	60	40-50 M	40%	50%	Increasing the number of staff

Note: "Born Global" firms are those that started exporting within one year of their foundation. All other firms are later entrants.

5.1.1 Timings of Foreign Market Entry

One obvious difference in the cases is the timing of international market entry compared with the founding of the firm. Firms displayed two timings of international market entry, which could be termed exporting/internationalisation patterns.

5.1.1.1 *Rapid Exporters or “Born Global” Firms*

The smaller group of firms (Firms 1, 2, 5, 6, 9, 11, and 12) entered international markets either immediately on their founding, or within the first year of operation. These firms also generally had a high share of their sales from exports, ranging from 70% to 100%. (There were two exceptions to this, as Firm 6 had 30% to 40% export sales share while Firm 9 had 10% export sales share.) These firms could be termed *born global* firms, or firms that are primarily internationally oriented and have been so since their inception (Sharma and Blomstermo, 2003). This could generally consider an innovation-related internationalisation model (Leonidou and Katsikeas, 1996; Rogers, 1962; Ruzzier, Hisrich and Antoncic, 2006). However, it is not actually clear that these firms are engaging in innovation in most cases. In some cases (for example Firm 9) they were approached by customers interested in the firm’s products. Furthermore, in many cases there was little or no initial period with no export activity, as required by some specifications of this theory (Bilkey and Tesar, 1977; Cavusgil, 1982a; Crick, 1995; Czinkota, 1982; Rao and Naidu, 1992). While for some firms this period was short (one year or less), for others it was simply non-existent – the firms were established as export-oriented firms. Thus, it is not clear that these firms actually fit into an innovation-related model and the Uppsala Model at all.

This small group of firms has an interesting implication for the concept of “born global” firms. Sharma and Blomstermo’s (2003) conceptualisation of this term, which was developed in the information technology (IT) industry, relies on firms being driven primarily in response to market conditions (supply and demand) as well as cost of production and shipping (low). This is in contrast to other understandings of firm internationalisation, which conceptualise the process as being driven by social exchange processes and networks (Johanson and Vahlne, 1993). In fact, as the initial exporting/internationalisation decision (discussed below) shows, these firms sometimes exported rapidly as a deliberate decision to meet market demand, but in other cases exported in response to social exchange processes, for example unexpected

customer contacts or information from network partners, particularly friends. Thus, the opposition between the internationalisation model proposed by Sharma and Blomstermo (2003) and that proposed by Johanson and Vahlne (1993) is not as clear a dichotomy in the empirical findings in contrast to that suggested to be in the literature review.

5.1.1.2 Later Stage Entrants

The slightly larger group of firms (Firms 3, 4, 7, 8, 10, 13, 14, and 15) had a longer period of time between founding and exporting. The time between founding and exporting ranged from four years (Firm 15) to 26 years (Firm 3). These firms are likely to have followed a more commonly described later-stage internationalisation path as detailed by the Uppsala model, involving gradual expansion and learning before entering culturally or psychologically close markets (Coviello and Munro, 1997; Du, 2003; Johanson and Vahlne, 1977). For the firm, there are several implications for the slower internationalisation process implied by the Uppsala model. The process of internationalisation is seen as a developmental process, in which states are changed through processes (Johanson and Vahlne, 1977). However, a firm will not move into a new market until it has achieved sufficient knowledge that it is relatively prepared for different outcomes (Johanson and Vahlne, 1990). Since this process of internationalisation is likely to continue, it is reasonable to state that the slower internationalising firms may not expand their markets very rapidly, instead preferring to grow gradually as it learns about new markets. However, this is not necessarily the case. Under the Uppsala model, firms may expand their market knowledge not just through direct experience, but also through secondary sources if these sources are available and reliable (Johanson and Vahlne, 1990). Thus, firms in this category could potentially begin to grow faster.

5.1.1.3 Comparison of the Two Groups

Comparison of performance between these firms does offer some interesting insight into the relative performance of the two groups. Table 5.2 summarises the export rates and founding by firm exporting/internationalisation. This shows that while there are outliers in both categories, the faster-internationalising group also has an export sales share of slightly more than twice the slower-internationalising group. Slower internationalising firms also did have somewhat lower export sales in some cases, although there were also firms such as Firm 3, which had relatively high export rates.

This suggests that one insight to be gained from the findings is that the speed of exporting/internationalisation does appear to be associated with export market involvement. The later stagely internationalising (slower) firms were not necessarily slower in terms of growth, with several firms showing increased export sales share. However, two firms in the born global (faster) category were already at 100% sales (Firms 5 and 11). Only one firm (Firm 10) reported lower sales, though they did not specify the extent of lowered sales.

Table 5.2 Comparison of Exporting Timing and Sales by Exporting/Internationalisation Pattern

Group	Firm	Years between Founding and Exporting	Export Sales (Phase I)	Export Sales (Phase II)
Born Global				
	1	0	70%	80% ↑
	2	1	70%	80% ↑
	5	0	100%	100%
	6	1	30%	40% ↑
	9	0	10%	10%
	11	0	100%	100%
	12	0	90%	90%
<i>Average</i>		<i>0.29</i>	<i>67%</i>	<i>71%</i>
Later Entrants				
	3	26	85%	90% ↑
	4	13	30%	40% ↑
	7	20	5%	8% ↑
	8	12	5%	5.5% ↑
	10	18	60%	decreased slightly ↓
	13	5	20%	20%
	14	9	10%	10%
	15	4	40%	50% ↑
<i>Average</i>		<i>13.4</i>	<i>32%</i>	<i>35%</i>

Whether there are differences in the firm size and turnover by exporting/internationalisation pattern is less clear. Table 5.3 summarises these statistics and their averages. (Averages were computed using the highest figure given, and where data was not available these firms were excluded from the averages.) This shows that on average, the later stage internationalisation pattern firms were larger in terms of their employee count and sales than the born global internationalisation

pattern. However, this could be affected by two factors. First, the born global firms are on average much younger than the later stage internationalising firms, with the oldest firm established in 1990 compared to 1979 for the later stage group. Second, Firm 10 had a very high sales rate (500 to 1,000 million baht), which was far higher than any in the category. This is probably a result of its high-value export product and market focus (Thai jasmine rice for export to premium European markets). Without Firm 10's outlying sales, the average for the disclosing later stage pattern firms falls back to 132 million baht, which is only slightly higher than the born global firm's 116 million baht in sales. Firm 10 does not make much difference in the average number of employees, since it is actually relatively small compared to the others. The literature suggests that firm size is generally positively associated with export intensity and propensity, with larger firms tending to be more likely to export and to export more (Bonaccorsi, 1992; Gemunden, 1991; Miesenbock, 1988). However, such a clear relationship is not visible here. This demonstrates that the Thai food export industry may be different to other industries studied in terms of the relationship between size and export. However, a generalised relationship cannot be assessed based on the relatively limited sample used in this study.

Table 5.3 Firm Size and Turnover by Exporting/Internationalisation Pattern

Group	Firm	Employees		Sales (Baht M)
		Phase I	Phase II	
Born Global				
	1	120	150 to 180	200
	2	80	100	160
	5	12	(Increased part-time)	NA
	6	6	100	NA
	9	12	12	50
	11	15 to 20	25	10
	12	34	34 to 44	100
<i>Average</i>		40	66	116
Later Stage				
	3	165	230	350
	4	50	50	NA
	7	150	170	10
	8	60	60	NA
	10	50	50	500-1,000

Group	Firm	Employees		Sales (Baht M)
		Phase I	Phase II	
	13	100	120	50
	14	80	100	200
	15	50	60	40-50
<i>Average</i>		88	105	277

5.1.1.4 Other Ways to Classify Firms by Export Market Entry

There are also other ways that the firms can be categorised, for example by company size and initial export market (Table 5.4). This shows that eight firms are medium firms, while seven are small firms. Two of the born global firms are medium firms, along with five of the small firms. Thus, it can be stated that later stage firms are likely to be larger than the born global firms. When considering the problem under the resource-based view, there is some amount of sense for this pattern. Smaller firms are known to use network connections extensively in order to minimise risks and reduce the market entry costs (Farrel and Klemperer, 2003; Gomes-Casseres, 1997; Zhou, Wu and Luo, 2007). However, there was not much evidence of firms using network strategies deliberately in areas such as production, although these have been identified previously (Lu and Beamish, 2001).

In contrast to the Uppsala model, only three firms (Firms 6, 9 and 13) chose markets in the ASEAN region, which would be the most culturally similar to the domestic Thai market. Other firms chose other Asian markets, which were often specifically stated to be because consumer tastes were similar (Firms 7, 8, 12, 15). In some initial markets, a seemingly inconsistent first entry was explained by the presence of an expatriate community that would buy the products (Firm 7, South Africa). However, there were several firms whose initial market entry clearly did not follow these patterns, with entry into European, Middle Eastern or American markets primarily driven by interest in Thai food or personal connections within these markets, but not specifically cultural similarity (Firms 1, 2, 3, 4, 5, 10, 11, and 14). These firms do pose a challenge to the Uppsala model, particularly its assumption that firms will choose initial export markets that are “psychically close”.

In fact, there is an evidence for this type of relationship among these firms (later stage internationalising firms), with initial markets including Sweden (Firm 3), Russia (Firm 4), Japan and South Africa (Firm 7), Hong Kong (Firms 8 and 15), Germany (Firm

10), ASEAN markets (Firm 13), and Australia (Firm 14). These markets, along with the specific advantages identified for each of the markets, suggests that regardless of the speed of market entry, firms were more likely to be driven by perceived demand than “psychic” distance. This finding echoes many of the critiques of the Uppsala model on this point (Loveridge and Wilson, 1998; Madsen and Servais, 1997; Nordstrom, 1990). Loveridge and Wilson’s (1998) argument that globalisation has shortened psychic distance could have merit, given that at least two firms (Firm 7 and Firm 10) were responding to interest from Thai expatriates in South Africa and an Asian supermarket supplier in Germany respectively. Thus, it is possible that globalisation has reduced the importance of psychic distance from the specific markets, by creating similarities and opportunities for marketing the products. It should also be noted that this is not always the case; for example, firms exporting to Hong Kong have stated that this is because there is a similar preference for salty snacks like they produce. Thus, psychic distance from export markets has not been completely eliminated in its importance.

Table 5.4 Firms by Company Size and Export Markets

Case	Company Size	Year Established	First Year of Exports	First Export Market
<i>Born Global Firms</i>				
1	M	1990	1990	Australia
2	M	2004	2005	the UK
5	S	2007	2007	Lebanon
6	S	2011	2012	Myanmar
9	S	2006	2006	China, and Vietnam
11	S	1994	1994	The US
12	S	1999	1999	Hong Kong
<i>Later Stage Entrants</i>				
3	M	1979	2005	Sweden
4	S	1989	2002	Russia
7	M	1989	2009	Japan and South Africa
8	M	1989	2001	Hong Kong
10	S	1998	2007	Germany

Case	Company Size	Year Established	First Year of Exports	First Export Market
13	M	2005	2010	Brunei, Singapore, and Malaysia
14	M	1998	2007	Australia
15	M	1996	2000	Hong Kong

5.1.2 The Exporting/Internationalisation Decision

An obvious question is why the firm decided to enter international markets. Under most stage models of internationalisation, entry into international markets via exporting occurs as the firm gains experience, typically occurring relatively slowly (Leonidas and Katsikeas, 1996). However, the born global (new internationalising venture) model of internationalisation shows that at least some firms are established directly for internationalisation and/or export (Sharma and Blomstermo, 2003). This research, which focused on a relatively unexplored sector and country, showed a mixture of exporting/internationalisation patterns. Table 5.5 summarises the reasons given for the international market entry for each of the firms, once again classified by the exporting/internationalisation pattern group identified above. This analysis shows some interesting facts.

First, not all firms classified in the “born global” internationalisation pattern were actually intending to immediately enter the international market. Instead, in many cases this market entry was opportunistic or even accidental. For example, Firm 1 initially intended to produce for the domestic market, but took advantage of an early opportunity for exporting provided by a friend of the owner in Australia. Similarly, Firm 2 entered the international market shortly after its establishment as a formal company, but the firm had been operating informally since 1946. Prior to 2005, Firm 2 exported through an export agent that handled packing and shipping of their products, while Firm 9 was approached by importers. However, other firms, including Firm 5, 11, and 12, were effectively established as born global companies. Thus, within the “born global” group, there are actually two distinct sub-groups. One group was established with the intent of participating in the export market, while the other group had a serendipitous contact shortly after their founding. Thus, some of these firms are more consistent with a theoretical view of innovation-related

internationalisation (I-model), an adaptation of the Uppsala model (Ruzzier, Hisrich and Antoncic, 2006). However, the short period of time between the firm's founding and the exporting decision (except for Firm 2, which was exceptional in that it was operating for a long period of time as an informal business before it was officially established) suggests that the learning period suggested by the I-model was relatively short. Furthermore, these firms were often responding opportunistically to an export proposal or query, rather than undertaking a staged process of learning. Thus, while some components of the I-Model are met, these firms do not fully respond to it.

For the later stage firms (except for Firm 8), the decision to begin exporting was more likely to be deliberately made in response to market pressures, such as a need to expand their own market or pressure from external sources such as the Chinese export market. Response to market demand is consistent with the Uppsala model (Johanson and Vahlne, 1977; Johanson and Vahlne, 1990). These firms often chose to export after the owner participated in an educational or research programme that explained the benefits of exporting, and their initial export contact was likely to be through the DITP's trade fairs or other activities. This type of learning activity is also consistent with the Uppsala model's position that experiential learning is key for development of market understanding (Johanson and Vahlne, 1977; Johanson and Vahlne, 1990). Furthermore, at least some firms chose initial export markets that could be considered similar to Thailand, such as Hong Kong and ASEAN regional markets, or began exporting to countries like South Africa with large Thai expatriate populations. This illustrates this psychic closeness criterion of the Uppsala model. Thus, the U-model is a better representation of the later stage firms' exporting/internationalisation process than the I-Model.

There were some shared tendencies in the initial market entry process between both groups. Several firms identified the THAIFEX-World of Food ASIA trade fair as an important event either in their initial export decision (as it offered an initial contact to importing firms, export agents or direct customers in other markets) or in furthering their export activities (Firms 2, 4, 5, 6, 8, 10, 13, and 14). Firms also identified personal contacts as a major resource during the initial export process (Firms 1, 2, 5, 12). If anything, the "born global" group was more likely to rely on personal connections and existing contacts to facilitate the initial export market entry than the later stage group, who were more likely to rely on the DITP trade fairs and formal contacts with

importers or export agents. The least likely scenario for all firms was a direct approach by importing partners as the first entry into the international market. The only time this happened was for Firm 9, whose product (bird nests) was highly valuable to Chinese and Vietnamese importers and as a result the firm was directly approached. These findings are consistent with the understanding of how foreign market knowledge and experiential learning influence the decision to take part in internationalisation (Zhou, Wu and Luo, 2007). For example, these authors note that for many firms, the initial decision to internationalise comes not as a result of a strategic option search, but instead as part of a learning process about the possibilities the firm has and what types of markets they may encounter. As firms learn and become aware of possible international markets, for example through trade shows, this increases their opportunities for effectively implementing an internationalising strategy.

Although some firms were critical of government support, all firms were responding to information provided directly or indirectly by network partners, which identified market demand as well as provided a way to exploit these markets. This is also consistent with previous research into SME internationalisation, which has suggested that SMEs rely heavily on network partners for information and knowledge about foreign markets and how to enter them (Beamish, 1999; Bell, Crick and Young, 2004; Christensen and Lindmark, 1993; Farinda, et al., 2009; Gurrieri and Petruzzellis, 2008; Kaufmann, 1994; McNamee, Greenan and McFerran, 2000). These studies have previously found that network partners, including suppliers and buyers, government programmes, and other partners in horizontal and vertical interorganisational networks, are critical for the success of SMEs. These partners enable the SME to access knowledge and information as well as other resources that supplement their own resources and identify new markets. Thus, these findings are consistent with understandings of exporting/internationalisation decisions and the role of interorganisational network partners, which is discussed in more detail in the following sections.

Relatively few firms showed a true accidental market entry, with only Firm 9 (a producer of birds' nests) being directly approached by customers. In other cases, firms were approached by customers at export-oriented trade fairs, and selected their market opportunistically based on the customers that emerged from those fairs or other contacts. It does not appear that this made much of a difference to the firm's

performance, although since the only accidental market entry firm was also the least forthcoming in terms of explaining their business activities. An analysis of the decision mode for international market entry of SMEs shows that this decision is often highly complex (Child and Hsieh, 2014). Furthermore, it relies on factors like knowledge of its key decision-maker and the available opportunities (Child and Hsieh, 2014). In fact, these authors found that the decision mode (such as real options, bounded rationality, incrementalism, and reactivity) used to make the internationalisation decision varied widely depending on strength of network links and available knowledge (Child and Hsieh, 2014). However, there is no evidence that whether the choice of market was opportunistic or what might be termed responsive to consumer demand makes a difference in success of the firm, as long as the information used to make the decision is adequate.

Table 5.5 Summary of Export Motivations by Exporting/Internationalisation Pattern Group

Group	Firm	Market Entry Process	Intention	Chance
<i>Born Global</i>				
	1	Personal contact in Australia showed interest in the firm's products and enabled export. The firm then expanded first through direct contact with international customers and then through international trade relationships.	√	
	2	The company shifted from export agents to direct exports following establishment of a relationship with a Malaysian intermediary that facilitated market entry to the UK market. The firm then expanded to other countries in Western Europe as well as increasing UK export presence.		√
	5	The firm was started with an intention to participate in the export market, led by the owner's marketing background and existing connections with suppliers and foreign importers. The firm's first export activity, to Lebanon, was facilitated by a personal connection of one of the partners.	√	
	6	The firm began exporting shortly after its establishment, first targeting countries that were considered culturally similar (especially ASEAN countries). It has participated in the DITP events in order to	√	

		gain access to new markets. Market entry to other markets was facilitated in various ways, including Thai importer contacts and broker contacts through the Internet.		
Group	Firm	Market Entry Process	Intention	Chance
	9	Shortly after its establishment the firm was approached by Chinese and Vietnamese import intermediaries, who identified the firm's product (bird nests) as a high-value product. The firm established a formal export strategy in response to the informal exports of its products.		√
	11	The firm began exporting in 1994 as part of a deliberate strategy at its inception. The company originally exported through agents, but has increased the number of direct clients it has.	√	
	12	The firm was established as a company primarily to serve export markets. Its first customer, in Hong Kong, was a personal connection of the owner. However, pressure from Chinese exporters has led the company to increase its focus on the domestic market, which was originally low.	√	
Later Stage				
	3	The firm established a connection with a Swedish importer through a Thai broker, facilitating its initial market entry into European markets. It then sought out BRC certification and began expanding into other markets, largely through participation in the DITP trade fairs and other events (some of which were more successful than others).		√
	4	The firm began exporting products to Russia through a broker. However, the firm decided on an export strategy after participating in educational activities held through the DIP, which led them to participate in trade fairs and export fairs held by the DITP.	√	
	7	The firm began exporting after the company owner participated in research on seaweed at Chulabhorn Research Institute. This research led him to identify potential market opportunities in Japan and South Africa. Further markets were identified and entered through the DITP engagement.	√	

Group	Firm	Market Entry Process	Intention	Chance
	8	The firm began exporting in response to interest from importing companies in other countries. It has participated in export fairs sponsored by the DITP, although its initial intent was to attract retail consumers.		√
	10	The company started exporting in response to market pressures and the need to expand their markets. They worked with the DITP to gain access to foreign markets. Their first export activity was through a German wholesaler of Asian products, with further development through trade fairs and export fairs.	√	
	13	The firm started exporting as a strategy to increase its market share. Initial contacts were made with traders and foreign importers at the DITP-sponsored trade fairs, but the firm has since moved to developing relationships independently.	√	
	14	The firm's products were initially exported by export agents, but it began exporting directly after taking part in the DITP-sponsored trade fairs. However, not all trade fairs have been effective, and the firm has begun to approach importing companies and establishing its own relationships directly.	√	
	15	The firm began exporting to Hong Kong through an export agent, and continues to work directly with traders and customers.	√	

5.1.3 Impact of Export Market Activity on Domestic Activity

Some of the firms in this study (Firms 3, 5, 11, and 12) had 10% or less sales to their domestic market. Thus, their export market entry could be expected to have relatively little impact on their domestic activity. However, for other firms there could be a substantial impact on the firms' domestic market and production activity, particularly in cases where they are expanding their export share compared to their domestic market. The relationship between export and domestic markets is not always clear, but there appear to be two general patterns: firms that use exports as a means of using their excess production capacity or smoothing out demand from the domestic market (low exporters) and those that are primarily focused on the export market (high exporters). Firms also showed different reasons for taking these positions. For example, products

may be more in demand in another country compared to Thailand (such as birds' nest, produced by Case 9), which leads to a natural export orientation position. On the other hand, other products may be greatly demanded in Thailand, which could reduce the attractiveness of the export market. Regardless, firms often did find that their export activities affected domestic operations, including staffing, manufacturing and marketing.

Table 5.6 summarises the identified impacts of export market activity on the firms' domestic production and sales activity. The extent of export sales share did affect the market somewhat, although Firm 5 (one entirely export-oriented firm) did not report any differences. Firm 11, the other entirely export-oriented firm, did report that it moved to a different production facility in order to expand production capability. Firm 13 also reported that there was little impact, as it was primarily domestic-oriented. As this firm only used exports to absorb excess capacity, it indicated that most development was undertaken for the domestic market.

Overall, five firms (Firms 5, 9, 12, 13 and 15) indicated that there were no changes in their domestic activities from their export activities. Four firms (Firms 1, 2, 3, and 4) reported changes in staffing levels. This was usually an increase in production staff, but firms 3 and 4 increased administrative staff as well (with firm 4 decreasing production staff). Changes in production facilities, methods, and products were most common (Firms 2, 3, 6, 7, 8, 11, and 14). There was also a lot of diversity in these categories. These changes included increasing machinery (Firm 2); expanding and redesigning production facilities (Firms 2, 11 and 14); changing packaging types, counts, packaging and materials (Firms 6, 7, and 8); changing production methods and techniques (Firm 3); and even changing the products themselves (Firm 7). The most common business strategy that was found was an increased focus on product quality and brand reputation, including quality procedures and certifications.

The reason that the impact of export activities on domestic activities is so important is because of the limitation of resources inherent in SME operations. The resource based view indicates that a firm's competitive advantage stems from its ability to hold and exploit specific resources (such as financial, intellectual property, or human resources) (Ray, Barney and Muhanna 2004; Akhter and Robels, 2006; Matanda and Freeman, 2009; Roxas and Chadee, 2011). Thus, firm performance is based both on the firm's

resources and the market attractiveness (Chmielewski and Paladino, 2006). However, SMEs have limited resources, or in other words are resource-constrained, particularly in areas such as financial resources and human resources (Coviello and McAuley, 1999; Kenny, 2009; Knight, 2000; Hollenstein, 2005). Thus, firms may face a choice between developing export markets or retaining its domestic market performance, particularly if export market demands are in conflict. In other words, firms may be forced to choose between supplying the international market and supplying the domestic market. If they choose the international market, this could be positive (as it could increase the amount of money received), but it could also be negative (if they were in high competition). This is likely to be different depending on the specific product and market pairing.

On the other hand, internationalisation can actually assist in SME resource constraints, providing resources such as increased finance and other resources (Hessels, 2008). This could be used to improve quality and increase economies of scale, thus reducing cost and increasing the market demand for the product. Thus, it is not a direct trade-off between domestic and export activities; instead, these activities may be complementary. In this case, most firms had limited impact on business strategy. Instead, resource-oriented aspects such as staff and production facilities were expanded. Thus, export activity does appear to have negatively affected the allocation of resources to the import activity. Instead, additional resources have been procured or established, which are used to produce for both domestic and international markets. This is in accordance with Hessels' (2008) view on the role of export in development of firm resources.

Table 5.6 Summary of the Impact of Export Activities on Domestic Activities

Group	Firm	Impact of Export Activities on Domestic Activities		
		Staff	Production Facilities (Machinery and Facilities) Production Methods Products	Business Strategy
Born Global				
	1	Increased production staff	NA	NA
	2	Increased production staff	Increased machinery	NA

Group	Firm	Impact of Export Activities on Domestic Activities		
		Staff	Production Facilities (Machinery and Facilities) Production Methods Products	Business Strategy
	5	NA	NA	NA
	6	NA	Changed packaging process and materials	NA
	9	NA	NA	NA
	11	NA	Changed production facilities to increase capacity	NA
	12	NA	NA	NA
Later Stage				
	3	Increased production, administrative and QA staff	Changed production methods Expanded factory Introduced quality standards	Quality standards approach changed
	4	Reduced production staff increased administrative staff	NA	Product quality improved Quality requirements introduced
	7	NA	Increased the number of products manufactured Changed packaging type and standards New documentation prepared	NA
	8	NA	Alteration in package design	NA
	10	NA	NA	Strengthened local brand to increase export market credibility
	13	NA	NA	NA
	14	NA	Planning factory redesign to increase quality and production volume	Increased focus on product quality
	15	NA	NA	NA

5.1.4 Implications for Business Operations

The final element of this theme was what implications the firms' export activities have on their business operations. As with the previous section, potential implications were assessed based on staff, production facilities, methods and products, and business strategy. The most common implications were for staff and production facilities. Firms

reported hiring more staff members, as well as different types of staff. For example, Firm 1 indicated they hired food science professionals, while Firm 2 hired more QA and technical staff members. Several other firms (Firms 5, 6, 11, 13, and 15) hired more full-time, part-time or day staff in order to meet increased production demands. Firm 1 also reported that production staff were working more hours and increased overtime.

Labour implications were more common for firms in the born global category, potentially due to the increased amount of exports in the market. However, changes to the production facilities and machinery were common in both categories (Firms 1, 2, 3, 4, 7, 8, 11, 12, and 14). The most common types of changes included increased use and purchase of production machinery (Firms 1, 2, 3, 4, 7) and construction, expansion or acquisition of factory space in order to increase available production space (Firms 2, 3, 7, 11, 12, and 14). Firm 8 did not report any staffing or production facilities changes, but did report that its production capacity was maximised, allowing it to lower its costs.

The findings regarding labour implications and staff, and production facilities are consistent with the resource based view, as discussed above. These findings also demonstrate that exports can result in a change in procurement and assignment of resources, even in cases where the firm had begun as an export-oriented firm. This issue is discussed in more detail above. Changes for business strategy were relatively rare. Only one firm reported a potential change to their general strategy. Firm 12 reported that they were considering outsourcing production in order to keep up with costs.

Table 5.7 Summary of Implications of Firm Exports for Business Operations

Group	Firm	Implications of Export Activities for Business Operations	
		Staff	Production Facilities (Machinery and Facilities) Production Methods Products
Born Global			
	1	Increased staff Food science professionals hired Longer hours, more overtime	Increased machine purchases
	2	Additional QA and technical staff	Constructing new factory Increased machine purchases

Group	Firm	Implications of Export Activities for Business Operations	
		Staff	Production Facilities (Machinery and Facilities) Production Methods Products
	5	Increased part-time staff	
	6	Increased day staff	
	9		
	11	Increased staff	Moving to larger factory
	12		Potential factory expansion
<i>Later Stage</i>			
	3		Constructing new factory Increased machine purchases
	4		Increased automation and production machinery
	7		Expanded factory Improved equipment and machinery
	8		Production capacity maximised (costs reduced)
	10		
	13	Increased part-time staff	
	14		Constructing new factory Increasing production capacity
	15	Increased staff	

5.2 Information Exchange and Payment Systems

The second major theme identified in the previous chapter was the use of information exchange and payment systems. Unlike the previous theme, firms had a relatively consistent approach to information exchange and payment. Table 5.8 summarises the use of information exchange and payment systems. This shows that most firms have websites that offer company details, but are mixed in their ability to take sales orders online. No firms take payment online. Firms use different communication approaches to communicate with international markets. This theme can be broken down into two sub-theme, including communication with customers and order and payment processing. In both cases, whether the firm is classified as a born global or later stage internationalising firm, they use a relatively conservative approach to communication, ordering and online payments, which is largely consistent between firms.

The literature had relatively little information about information exchange and payment systems or in Internet use. Thus, these findings are interesting from a resource perspective, but cannot be directly compared to previous studies on the use of various information exchange perspectives. The limited use of online payment systems could

be related to limited resources, particularly human resources (language and website design), which would be consistent with a small firm (Coviello and McAuley, 1999; Kenny, 2009; Knight, 2000; Hollenstein, 2005). However, it could also be simply that the firms do not have a strong impetus for customer-facing websites or other types of information because of strong network partner relationships, which absorb the firm's production and sales capacity. This is an interesting question, although it is difficult to assess given the amount of information available.

Table 5.8 Summary of Information Exchange and Payment Systems Use

Case	Website	Company Details	Sales Order Capabilities	Payment Capabilities	How to Connect with Overseas Markets		
					Most Contacts	Some Situations	Overseas Offices
1	√	√	√	(Bank Transfer)	Email, Phone, and Fax	Sending staff members abroad to meet customers (esp. for problem-solving and relationship-building)	X
2	√	√	X	(TT, LC)	Email	The owner visiting foreign customers to establish a relationship, and check the customers' readiness (eg. in case of a high volume order)	X
3	√	√	X	(TT, LC)	Email	- Staff trying to visit customers overseas when participating in trade fairs - Sometimes, business trips organised	X (Building an overseas office in the UK being considered)
4	√	√	X	(Bank Transfer)	Email	X	X
5	√	√	X	(Bank Transfer)	Email	X	X
6	√	√	X	(Bank Transfer)	Email, and Phone	X	X
7	√	√	√	(Bank Transfer)	Email (typically by the firm's owner on initial contact, further communication handled by an employee)	X	X
8	√	√	√	(Bank Transfer)	Email	X	X
9	X	X	X	(Cash Payment)	Email, and Phone	X	X

Case	Website	Company Details	Sales Order Capabilities	Payment Capabilities	How to Connect with Overseas Markets		
					Most Contacts	Some Situations	Overseas Offices
10	√	√	X	(Bank Transfer)	Email	X	X
11	√	√	X	(Bank Transfer)	Email (typically handled directly by the firm's owner)	X	X
12	√	√	X	(Bank Transfer)	Email, Phone, and Social Media Channels eg. Whatsapp and Skype	X	X
13	√	√	X	(Bank Transfer)	Email	X	X
14	√	√	X	(Bank Transfer)	Email	Hiring staff (having good relationships and connections with traders and overseas entrepreneurs) based in Thailand and regularly visiting overseas markets	X
15	√	√	X	(Bank Transfer)	Email, and Phone	X	X

5.2.1 Communication with Customers

Communication with customers is at the heart of interfirm relationships, which are critical for firm performance (Selnes and Sallis, 2003). However, few of the studies reviewed actually addressed communication with customers. There are two aspects of communication with customers that the case studies address. These include general communication using online channels, as well as communication channels used for potential and future online customers. Table 5.9 summarises the communication channels and approaches used, as well as whether there were any changes between Phase I and Phase II. It shows that the firms have certain shared strategies, and their approach to communication is broadly similar. Most firms (except for Firm 9) started with a website and company details online, which provided basic mass communication for the firms. In terms of communication channels with overseas customers, email was the most common channel, with all firms using it. Telephone communication was also relatively common (Firms 1, 6, 9, 10, 12, 15). Another communication technique a few firms (Firms 1,2,3) used were in-person communication, often through overseas visits to customers for troubleshooting or sales or by offering overseas customers the opportunity to visit the factory. These in-person communications were commonly led by the firm owner or senior-level salespeople. Initially, none of the firms retained an overseas staff or offices, which is not surprising given the size of the firms and the fact that most firms had diverse markets.

There were several changes during Phase I and Phase II, most of which indicated an expansion of overseas presence and communication. Firms 1 and 2 opened regional offices in Malaysia and the UK respectively. A number of firms updated their online presence, expanding their online catalogues, translating their websites to English or increasing the number of messaging channels offered (Firms 7, 8, 10, 12, 13). This suggests that firms are becoming increasingly willing to communicate online, although as discussed below they have not undertaken online payments. However, not all of these changes increased communication and ordering channels. Firm 6 actually allowed its website domain to expire between Phase I and Phase II, since its orders primarily came from existing customers. While the owner did say that the firm might adopt an e-

commerce strategy in the future, at the time it was not considered to be a worthwhile strategy. Thus, while in general there was a tendency for firms to increase their online presence, this was not universal and in some cases it actually went backwards.

Table 5.9 Communication Approaches of Firms

Case	Mass Communication		Customer Communication and Contacts		Change from Phase I to Phase II?
	Website	Company Details	Communication channels and contacts	Overseas offices?	
1	✓	✓	Email Phone Fax Overseas visits	X	Hiring Malaysian staff to communicate with foreign customers.
2	✓	✓	Email Overseas visits	X	None
3	✓	✓	Email Overseas visits	X	Establishment of a UK office for European markets.
4	✓	✓	Email	X	None
5	✓	✓	Email	X	None
6	✓	✓	Email Phone	X	Website shut down
7	✓	✓	Email	X	Added social media presence Took small orders online from Thai customers
8	✓	✓	Email	X	Redesigned website to provide more product information and ordering instructions
9	✓	✓	Email Phone	X	None
10	✓	✓	Email	X	Planned to add WhatsApp, Line to communication channels
11	✓	✓	Email	X	None
12	✓	✓	Email Phone Whatsapp/Skype	X	Added Line to messaging systems
13	✓	✓	Email	X	Added English language website
14	✓	✓	Email	X	None
15	✓	✓	Email Phone	X	None

5.2.2 Ordering and Payment Capabilities

A distinct issue from customer communication is the firm's ordering and payment capabilities. Table 5.10 summarises the ordering and payment channels, as well as any changes from Phase I to Phase II. This shows that online ordering capabilities are relatively uncommon, with only three firms (Firms 1,7,8) offering direct online ordering. These online ordering capabilities may be further limited; for example, Firm 8 only accepts online orders for small domestic orders, and continues to prefer email for international orders. The most common ordering channel used is email, which all firms offer. A number of firms (Firm 2, 6, 9, 12, and 15) will accept international orders by phone. A few firms will also accept orders in person, for example on site visits or through trade fairs (Firms 2 and 3). Only Firm 12 accepts orders using messaging apps such as Skype or Line. There were very few ordering changes between Phase I and Phase II, with the most significant change occurring for Firm 8, which introduced online ordering during this period.

Similarly, none of the firms accept payment online. The most common payment type is direct bank transfer, although Firms 2 and 3 also accept LC payment and Firm 9 accepts only cash payment. This is consistent with expectations, since direct bank transfer is the most effective way to receive international funds. There were no changes in the payment channels made between Phase I and Phase II. Based on these results, it can be stated that firms generally receive orders through email and manage payments through bank transfers. Although there are some exceptions, these are relatively uncommon. Furthermore, the lack of changes between Phase I and Phase II is notable, because it suggests that despite increasing pressure for global consumer retail to move toward online payment and ordering, this has not affected these firms' export activities. It is not clear whether the firms are not *sensing* this pressure or simply not *responding*, but it does suggest that over time, these exporters may be increasingly out of step with expectations of online ordering and payment. This is one possible area for policy improvement for Thai government programmes, which could help develop such practices.

There is the question of whether born global or later stage firms would be more advanced in terms of their online use. For payments, there is no substantive difference between the

two groups – almost all firms require bank transfers and none take online payments. There are also few firms in either group that have online ordering channels or capabilities. Instead, almost all firms take orders via email or telephone (or a similar channel like Skype or WhatsApp). Thus, even though the born global firms were generally established later, and a few of them have been established after online commerce for small business has become common, there are no signs of increased e-commerce capacity among born-global firms. Instead, all firms are at a relatively low level of online commerce and integration. This is surprising, since born global firms are presumed to be leveraging online commerce in order to establish their international operations, rather than international experience (Sharma and Blomstermo, 2003).

Table 5.10 Ordering and Payment Capabilities

Case	Online Ordering Capabilities?	Ordering Channels	Online Payment Capabilities?	Payment Channels	Change from Phase I to Phase II?
<i>Born Global</i>					
1	✓	Website (small orders) Email	X	Bank transfer	None
2	X	Email Phone (Direct with sales staff)	X	TT LC	None
5	X	Email	X	Bank transfer	Introduced overseas visits
6	X	Email Telephone	X	Bank transfer	None
9	X	Email Phone	X	Cash	Added Line ordering channel
11	X	Email	X	Bank transfer	None
12	X	Email Telephone Skype WhatsApp	X	Bank transfer	Added fax
<i>Later Stage</i>					
3	X	Email Trade fairs	X	TT LC	None
4	X	Email In-person	X	Bank transfer	None
7	✓	Email	X	Bank transfer	None

Case	Online Ordering Capabilities?	Ordering Channels	Online Payment Capabilities?	Payment Channels	Change from Phase I to Phase II?
8	✓	Email	X	Bank transfer	Online ordering introduced
10	X	Email	X	Bank transfer	None
13	X	Email	X	Bank transfer	None
14	X	Email	X	Bank transfer	None
15	X	Email Phone	X	Bank transfer	None

5.3 Roles of Assistance and Network Support

The third theme was the role of interorganisational network partners and assistance. This category includes both formal network partners (like the DITP and other government organisations, suppliers, buyers, and so on) and informal network partners (like acquaintances, friends and family members). These network partners may play a significant role in the organisation's knowledge about and access to export opportunities and markets (Zhou, Wu and Luo, 2007). For this section, the two interorganisational network support respondents are included along with the firms, in order to provide a more holistic understanding of the network environment and activities. Key issues include relationships between the firm and its formal and informal network partners, comparison of formal and informal network partners, description of interorganisational networks, and the most significant relationships for identifying key international markets and entering and selling into these international markets.

5.3.1 Formal Interorganisational Network Partners

Formal network partners included government agencies, non-governmental organisations, suppliers, customers, export agents, importing firms, universities, and other agencies that offer formal assistance and business relationships with the firm. Table 5.11 summarises the use of network partners and the type of assistance offered to firms, while Table 5.12 examines the problem in the other direction, identifying which firms are associated with each network partners.

5.3.1.1 Vertical Network Partners (Suppliers, Customers and Intermediaries)

All firms reported network partners including brokers, customers and suppliers, who were different for all firms since they operate in different markets and have different direct connections. However, these were commonly mentioned network suppliers. There were

also a number of firms who reported that initial trade show contacts with intermediaries (brokers or foreign importing firms) led to more extensive contacts through the firm. While all case firms identified customers, suppliers and brokers or export and import agencies as some of their network partners, few elaborated on these partners or their role in the export business. They are also not unimportant in the SME's business activities. This is because customers and suppliers in a vertical interorganisational partner network are critical for SME activities (Christensen and Lindmark, 1993; Kauffmann, 1994). These studies have found that SMEs are often reliant on these network partners to access knowledge and other resources and develop their businesses. Because these partners provide critical information and knowledge to firms, particularly regarding market demands and potential innovations and market changes, they provide key information to SMEs. Furthermore, this information is readily shared by partners, who commonly offer the information to improve their own outcomes (Christensen and Lindmark, 1993; Kauffmann, 1994). Thus, suppliers and customers – including both direct customers and intermediary customers like traders or import agents – are likely to be critical network partners for firms.

An interesting case is Firm 9, who was actually approached by Chinese and Vietnamese exporters who were initially buying the firm's products on the retail market and exporting them as black market exports to their countries of origin. The firm and exporters worked to certify exports and create legitimate export channels, thus turning an informal network partner into a formal supplier-buyer relationship. This demonstrates how firms can use network connections – even new or unexpected connections – to recognise market opportunities and activities and facilitate market entry. It also demonstrates how mutual support for distributors, who can themselves also be SMEs, may be essential for SME export success (Sousa and Bradley, 2009). In the case of Firm 9, the firm and their distributors worked together, using each other's market and procedural knowledge to create a formal network partnership rather than the grey market or black market export channel that previously existed. This helped Firm 9 find a robust export route to the Chinese and Vietnamese markets, which as predicted by Sousa and Bradley (2009) would not have existed otherwise.

5.3.1.2 Local and Regional Government Partners

One of the most immediately obvious issues that emerge is that there is little or no local or regional involvement in terms of formal network partners. All governmental partners, and most non-governmental partners, are instead organised at the national level. Some participants specified that they had not considered going to local sources for support, instead preferring to access the national assistance (Firm 3). There is no clear explanation in the literature for this, but it may be related to the structure of SME assistance in Thailand, which is primarily organised at the national level through agencies like the DITP. Thus, this should not be taken as indicative of the failure of local or provincial SME supports, so much as an indication that export assistance for SMEs is handled on the top level. However, it could be a bit concerning, since local and regional network partners do play a role in initial development of the firm and facilitating export activities (Dodgson, 1991), although international firms and agencies with broader coverage play a more significant role in direct export activities (Oviatt and McDougall, 1994). However, it is possible that local network partners were not reflected in this research because for almost all firms, this information is relatively out-dated, and they may not have considered it important when reflecting on their export experience.

5.3.1.3 Government Financial Partners

As important as who the firms do work with, is who they do not work with? One notable exception to use of government agencies and programmes is that many firms explicitly rejected the use of banks set up to meet the funding needs of small and medium enterprises, including the SME Bank and the EXIM Bank (Firms 1, 3). The reason given for this rejection is that these banks have products and services that are often a higher cost than commercial banks and it can be difficult and time-consuming to gain access to funding through them. In comparison, private banks were viewed as flexible, while SME Bank and other government banks were viewed as inflexible and difficult. Firm 13 had a strong opinion on these government banks, stating they were unresponsive and unfriendly and did not meet the needs of entrepreneurs. Even companies that did choose to use government banks, like Firm 11 (who used SME Bank) felt the funding process was slow and complicated. Thus, even though it could be harder to find a commercial bank to work with, it was considered to be worthwhile to do so. Notably, this is contrary to the findings

of Sousa and Bradley (2009), who identified the role of government export assistance programmes, in providing funding through credit programmes as one of their most important contributions. This finding supports the idea that the role of export assistance programmes may be determined at least in part by institutional structures, and some functions may be more or less important than others.

One Tambon One Product (OTOP) was also viewed as inappropriate for a number of reasons, including that it targeted larger companies (Firm 1) and that its trade fairs did not include foreign buyers, making it less useful for exporters (Firm 4). This is concerning, given that banks and financial organisations are key aspects of institutional networks, which are formal networks that firms rely on to meet their financial needs (Hadjikhani and Ghauri, 2001; Welch and Wilkinson, 2004; Yiu, Lau and Bruton, 2007). That the SME Bank and EXIM Bank, two organisations that are nominally designed to meet SME financing needs for exports, do not do so suggests that there is a strong need for organisational reform in this area.

5.3.1.4 Government Agencies and Organisations

In general, the firms reported working with a range of different formal network partners in their development of an export industry. Most firms reported partners that facilitated trade shows and engaged in trade promotion, and helped meet information and training needs. These partners can be classified as export assistance partners, who are known to have a significant role in SME export success (Sousa and Bradley, 2009). A relatively large number reported specifically on their funding sources, and most firms (though not all) reported on product and process development partners. These were partners who engaged with the firms on research and development for new products, assisted in packaging and logistics, and played other roles in the development of the firm's business. All firms also reported that they had partnerships with direct customers, importers or traders in their target countries, which allowed them to sell into the country. This is consistent with the role of formal or institutional partners in the SME network, which is to facilitate and help develop processes and knowledge (Hadjikhani and Ghauri, 2001; Welch and Wilkinson, 2004; Yiu, Lau and Bruton, 2007). One of the notable factors here is that most of the network partners identified are focused on only one aspect of

internationalisation: export, rather than import, foreign direct investment, or others. To some extent, this is related to the compartmentalisation of these activities within the Thai government, which is heavily decentralised, with individual departments focusing efforts at closely targeted areas (Wongpreedee and Mahakanjana, 2011).

Table 5.11 Summary of Formal Network Partner Roles

Firm	Network Partner	Type of Assistance
1	DITP Thai Chamber of Commerce Thai embassies Malaysian and Chinese joint venture partners* Food Science Department, Chulalongkorn University* National Food Institute (NFI) Commercial bank	Trade promotion Customer contacts Trade shows and exhibitions Cooperation and strategic development of export markets Technical assistance and production and processing development Research and development Funding
2	DITP Ministry of Industry Ministry of Commerce Board of Investment (BOI)* Kasetert University*	Trade promotion Trade fairs Training and development Tax exemptions for machinery Product development
3	Export brokers Direct customers (traders and direct customers) DITP NFI Consultants Thai Chamber of Commerce Commercial bank	Customers Trade fairs Quality assurance development funds and assistance Information and events Funding
4	DITP Office of Small and Medium Sized Enterprises Promotion (OSMEP) Department of Industrial Promotion (DIP) Thai Food Processing Association Commercial banks	Trade shows Training Trade promotion Training Trade information Funding
5	DITP Commercial bank Thai embassy/commercial diplomats	Trade shows Funding Trade information Trade promotion
6	DITP† Federation of Thai Industry (FTI) Food Trade Association†	Trade promotion Trade information Trade shows Training Training Training and information

Firm	Network Partner	Type of Assistance
7	DITP DIP NFI Science Centre Thailand Research Fund FTI OTOP Provincial Administration Organisation Chiang Mai University* Department of Primary Industries and Mines (DPIM)* Ministry of Industry*	Trade shows Trade promotion Product and quality development Research and development Logistical support and assistance Trade shows Promotion Research and development Logistical support Training
8	DITP Thai Chamber of Commerce FTI National Innovation Association (NIA)	Trade shows Trade promotion Training Training Trade promotion Research and development
9	DIP Association for the Promotion of Thai Small and Medium Enterprise (ATSME) DITP SME Bank Provincial Commercial Office Provincial Industrial Office	Training (Small and Medium Entrepreneurs Development) Information exchange Trade promotion Trade shows Financing Factory tours and other assistance
10	DITP Thai Rice Exporter Association Thai Rice Association Commercial bank	Trade information Trade shows Export support Funding
11	DITP SME Bank	Trade shows Trade promotion Funding
12	DITP Thai Chamber of Commerce Department of Agriculture Commercial ambassadors/Thai Embassy	Trade fairs Information Training Trade promotion
13	DITP† OTOP† Made in Thailand (MIT) Commercial banks FTI†	Trade fairs Trade promotion Funding Training Trade promotion
14	DITP Thai embassies NFI Food Science Department, Silpakorn University DIP* Thai Chamber of Commerce FTI OSMEP Commercial banks	Trade promotion Trade shows Trade promotion Research and Development Training and information (limited use, targeted to larger firms) Consultation and information Funding

15	DITP NFI*	Trade fairs Trade promotion Trade promotion Finding customers
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* = New relationships or roles in Phase II compared to Phase I

† = Relationship ceased or reduced between Phase I and Phase II

5.3.1.5 Partners by Function

Table 5.12 arranges information in a different way, so that it is possible to see what network partners are common to all firms. Under this arrangement, four classifications of network partners are identified, based on the type of assistance identified. The literature review identified that formal networks provide knowledge, experiential learning, and guidance as well as trust and reliability (Zhou, Wu and Luo, 2007). As these categories show, different types of network partners are likely to provide different resources to the SMEs. Most of the firms used trade assistance partners, which are critical for accessing foreign markets and identifying which markets to access, as discussed above. Most of the firms also made use of knowledge and technical assistance partners, who provided specific knowledge and key skills for export development (as well as for business development generally). Financial assistance partners and other partners were reported more sparsely, and typically did not have as much of a role in the exporting activities of the firm.

5.3.1.5.1 Trade Assistance Partners

The first category presented is trade assistance, which included network partners directly involved in facilitating international trade for the SMEs. These programmes were mainly export assistance programmes (Sousa and Bradley, 2009). The most common direct network partner for many of the firms was the Department of International Trade Promotion (DITP), who arranged and in some cases subsidised the cost of participation in trade shows such as THAIFEX-World of Food ASIA and international trade shows in various markets. All firms reported having taken part in at least one DITP trade show, and others had taken part in more than one. The DITP also offered training and educational information to firms, although as Firm 14 stated, this information may be out-dated or not as useful. However, this high rate of engagement with the DITP should not be taken as an indicator that the DITP is the most important network partner. Instead, it is an artefact of

the sample selection process, which drew from a list of SMEs registered with the DITP (see Chapter 3). Because of this, it is important to look at other partners used by the firms.

In terms of trade promotion activities (such as trade show organisation and participation, customer directories and facilitating customer contacts), the Thai Chamber of Commerce and the commercial ambassadors of the Thai Embassy were identified as most common after the DITP. The firms that used these sources stated that they were important for information, and the Thai Embassy particularly was willing to facilitate customer contacts for the firms. These network partners have been identified as largely government-based partners, which are often critical in encouraging and facilitating export activities for SMEs (Crick, 1985; Czinkota, 1982; Sousa and Bradley, 2009). Government programmes, including training and development programmes and export promotion programmes have been identified as important aspects of the SME's interorganisational network in previous studies (Welch et al., 1998; Chetty, 1994; Chetty, 2004; Sousa and Bradley, 2009).

These network partners are also most likely to have formal arrangements with the firm, which provides a means of sustaining the relationship (Kogut, 2000). This can be seen in the application process and requirements for the DITP and other programmes and their acceptance criteria for SME export partners. The main pattern that can be seen in the firms' uptake of these government export support agencies is that firms are most likely to use this support at the beginning of their export activities; for example, firms are likely to participate in the DITP trade shows and exhibitions during their initial exploration of export markets, and establish initial contacts and identify likely markets through these activities. However, over time as firms become more confident and increase the number of markets they export to, they are more likely to directly establish export relationships in their new target countries. Thus, the DITP trade shows, particularly, can be viewed as a (mainly positive) introductory assistance for firms beginning their export journey. However, firms with longer export experience demonstrate that over time, these shows no longer have as much relevance to export activities. This developmental process is not reflected in the findings of Sousa and Bradley (2009), who recently examined the role of export assistance partners. However, it is a critical aspect, especially when one considers

internationalisation as a process of gradual learning as under the Uppsala model (Johanson and Vahlne, 1990).

One of the interesting findings of this current research was the role of customers in trade assistance. Customers were considered important by all firms. This is important because of the nature of export SME customers, who are often export agents with existing distribution networks into a target country (Ahn et al., 2011). In other words, customers act as intermediaries, passing the exporting company's goods through to the import market and creating end consumer awareness of them (Ahn et al., 2011). Customers play a role not only in immediate sales, but also in market development within the target country. Simply, they are selling the products into retail markets in the target country, increasing demand and in the long term creating a viable market for the firm's products. Firms were also heavily reliant on the DITP, at least at the beginning. However, it is also likely that the DITP reliance would become less as the firm had an increased number of customers; with less excess supply capacity, the firms would be less likely to need to seek out new customers. This can be seen in the discussion of several firms, who reported becoming less reliant on the DITP as they made contacts and gained steady customers.

5.3.1.5.2 Knowledge and Technical Assistance Partners (Information, Knowledge and Skills)

A second category of interorganisational network partners were those that offered trade information and training, consultation services and research and development services. This category could be termed knowledge and technical assistance. These forms of training and technical assistance programmes are known to be critical for knowledge transfer and development within the interorganisational network and an important source of knowledge for small firms (Chetty, 2004; Farinda et al., 2009; Schwartz and Hornyh, 2010). These organisations were for example involved in new product development and packaging and process development, training, and facilitating certification such as HACCP and organic certification. Some agencies played specific roles (for example, the NFI, National Food Institute, was primarily reported as being involved in product development) while others had a broader engagement (for example, university departments, which offered a range of services to firms). The most commonly reported

network partners in this area included the DIP (Department of Industrial Promotion), FTI (The Federation of Thai Industries), NFI, and university departments, but there were also a range of other participants in this area. These organisations are perhaps those most explicitly contributing to the experiential learning of the firms.

Some research suggests that there is a strong element of experiential learning associated with the internationalisation process, including interorganisational learning in networks (Forsgren, 2002; Lane and Lubatkin, 1998; Andersson et al., 2001). Under the model of interorganisational learning, firms learn through the experience of network partners (Forsgren, 2002). For example, firms may gather knowledge from suppliers and customers about new markets as well as about each other's capabilities (Argyres, 1996; Barekema, et al. 1996; Chetty and Campbell-Hunt, 2003; Johansson and Mattsson, 1988; Johanson and Vahlne, 1977). This type of experiential learning through network partners results in a process of growth or internationalisation that is staged, with multiple internationalisation stages rather than a single step forward (Van de Van, 1992). This suggests that without learning partners, it is possible that the firms may not be able to export/internationalise as quickly or easily.

5.3.1.5.3 Financial Assistance Partners (Funding and Tax Incentives)

The third category of services offered by network partners is financial assistance, including funding and tax incentives for investment in fixed plant and equipment. This section shows a strong tendency toward private partners for finance, with commercial banks being the funder of choice for most firms that reported on their source of financial support. Only one firm (Firm 2) accessed BOI tax incentives for fixed assets (machinery upgrades), while only two (Firms 9 and 11) used the SME Bank and none used the EXIM Bank. In contrast, seven firms specifically identified commercial banks as their main source of funding. The literature had relatively little information about the financial support offered by financial organisations, although it was clear that these were important members of the firm's network (Hadjikhani and Ghauri, 2001; Welch and Wilkinson, 2004; Yiu, Lau and Bruton, 2007). For these firms, it is clear that the most important financial network partners are commercial private banks, rather than government institutions.

5.3.1.5.4 Other Partners

In addition to the three categories above, there were some formal network partners that were identified that did not easily fit into any of these categories. These formal network partners were often industry associations (such as the Thai Rice Exporters Association and Thai Rice Association) that only applied to a single firm, or regional partners (such as the Provincial Industrial Office) which some participants may not have had access to. These partners provided diverse forms of assistance, but in most cases they did not play the fundamental role that the trade assistance, technical assistance and financial assistance partners played in the firms' export activities. However, it is possible that these partners could generate leads and unsolicited inquiries, for example if a customer were seeking a trade partner in a particular industry. While there were no such contacts reported, it is not outside the realm of possibility.

Table 5.12 Interorganisational Network Partners by Network Participation

Type and Firms

Agency	Firm Participation														
<i>Trade Assistance (Trade promotion and trade shows, customer contacts)</i>															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
DITP	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Customers	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Exporters/Traders	✓		✓			✓			✓		✓	✓		✓	
Ministry of Commerce		✓													
Ministry of Industry		✓					✓								
MIT													✓		
OSMEP				✓										✓	
OTOP							✓						✓		
Thai Chamber of Commerce	✓		✓					✓				✓		✓	
Thai Embassy Commercial ambassadors	✓				✓							✓		✓	
<i>Knowledge and Technical Assistance (Information, Training, Consultation and Research and Development)</i>															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
ATSME									✓						
Department of Agriculture												✓			
DIP			✓	✓			✓	✓	✓					✓	

Knowledge and Technical Assistance (Information, Training, Consultation and Research and Development)															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
FTA					✓										
FTI					✓		✓	✓					✓	✓	
NFI	✓		✓				✓								✓
NIA								✓							
Science Centre							✓								
Thai Food Processing Association			✓												
Thailand Research Fund							✓								
Universities	✓	✓					✓							✓	
Financial Assistance (Funding and Tax Incentives)															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
BOI		✓													
Commercial banks	✓		✓	✓	✓					✓			✓	✓	
EXIM Bank															
SME Bank									✓		✓				
Other Assistance															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
DPIM							✓								
Provincial Administration Organisation							✓								
Provincial Commercial Office									✓						
Provincial Industrial Office									✓						
Thai Rice Association										✓					
Thai Rice Exporter Association										✓					

* Note: All abbreviations as above in Table 5.11.

5.3.2 Informal Interorganisational Network Partners

Informal network partners included friends, family members, and other social contacts, as well as informal exporters and others. The literature review identifies these network partners as social networks, where the majority of contacts are family, friends and non-institutional members (Yli-Renko, Autio and Tontti, 2002; Presutti, Boari and Fratocchi, 2007). Social networks are important for the firm because they facilitate flows of knowledge and information into the firm, which the firm can then use for innovation or changes in business activities (Luo, 2003; Walter et al., 2006). This type of knowledge can include either skills and market knowledge or knowledge of business opportunities

(Kale, Singh and Perlmutter, 2000; Walter et al., 2006). As discussion below shows, firms in this study benefited from both of these types of information, although knowledge of business activities was more commonly gained from informal partners.

Table 5.13 summarises the key informal network partners and their roles and assistance to the firm. Not all firms reported informal partners specifically, although all identified traders and customers they had contact with. However, of those that did report informal partners, it is clear that these partners played a significant role in either encouraging the firm to export in the first place or by providing market information, knowledge and other forms of exchange. A typical case is Firm 1, who started exporting after a friend in Sydney helped the firm to establish initial export connections. Firm 2, on the other hand, sells to individual customers in export markets. This is similar to Firm 12, whose first export customer was a personal friend in Hong Kong and who encouraged the firm to enter the export market, and for Firm 15, whose personal connection in Hong Kong helped to facilitate market entry there.

Informal partners do not just provide network connections for market entry – they also provide knowledge and information about exporting generally. Firm 6 reported that friends helped to identify appropriate markets and their rules and regulations. For Firm 13, this was formalised somewhat through their development of the Thai Food Cluster, an informal network of entrepreneurs in the food industry in the firm's region. This network met periodically and exchanged information about export processes, markets and trade regulations as well as other key information for developing an export market. Unfortunately, the Thai Food Cluster was relatively short-lived; although it was an active group in Phase I, by Phase II the firm reported that it had ceased operations. However, this does demonstrate that informal network partners are not just about providing access to markets – they also provide connections.

Table 5.13 Summary of Informal Network Partner Roles

Firm	Network Partner	Type of Assistance
1	Friend in Sydney	Acted as initial export partner
2	Individual customers	Large amount of customer support
	Malaysian Intermediary	UK market entry
3	Thai broker	Introduced Swedish importer
4	Broker	Provided sales contacts
5	Friends	Assisted in market entry
6	Friends	Assisted in export activities and help develop export markets
7	None reported	
8	Hong Kong customers	Assisted in initial market entry
9	Chinese and Vietnamese importers (intermediaries)	Created initial demand for exports (through black market export activity, though Firm 9 was not involved and only supplied the products initially for domestic use)
10	Asian products wholesaler in Germany	Initial trade fair contact led to European market entry
11	US importer	Initial trade fair contact led to market entry
12	Personal friend	Initial export customer in Hong Kong
13	Thai Food Cluster (informal entrepreneur network)	Information exchange and business relationships
	Friends and customers met during trade fairs	Suggestions for foreign markets, trade regulations, etc. Assist in market entry
14	None reported	
15	Personal friend (export agent)	Instrumental in accessing Chinese market

5.3.3 Comparison between Formal and Informal Interorganisational Network Partners

An interesting aspect of this research is comparing formal and informal interorganisational network partners. Figure 5.1 provides a visual indication of the roles of formal and informal export partners. This figure compares the role of formal and informal partners, along with the planned or chance market entry. From the table 5.5 above, most of case firms (11 out of 15 cases = 73%) started exporting as a result of their deliberate strategy rather than by chance. In other word, those 11 companies approached foreign customers/importers while in case of the rest 4 interviewed firms (27%), overseas importers came to them. Those 11 firms, where their first export was a result of their deliberate strategy, have established interorganisational networks which facilitate their foreign market identification and exploitation. The findings show that relationships with

other parties play a very important role for those case companies to access and be successful in foreign markets.

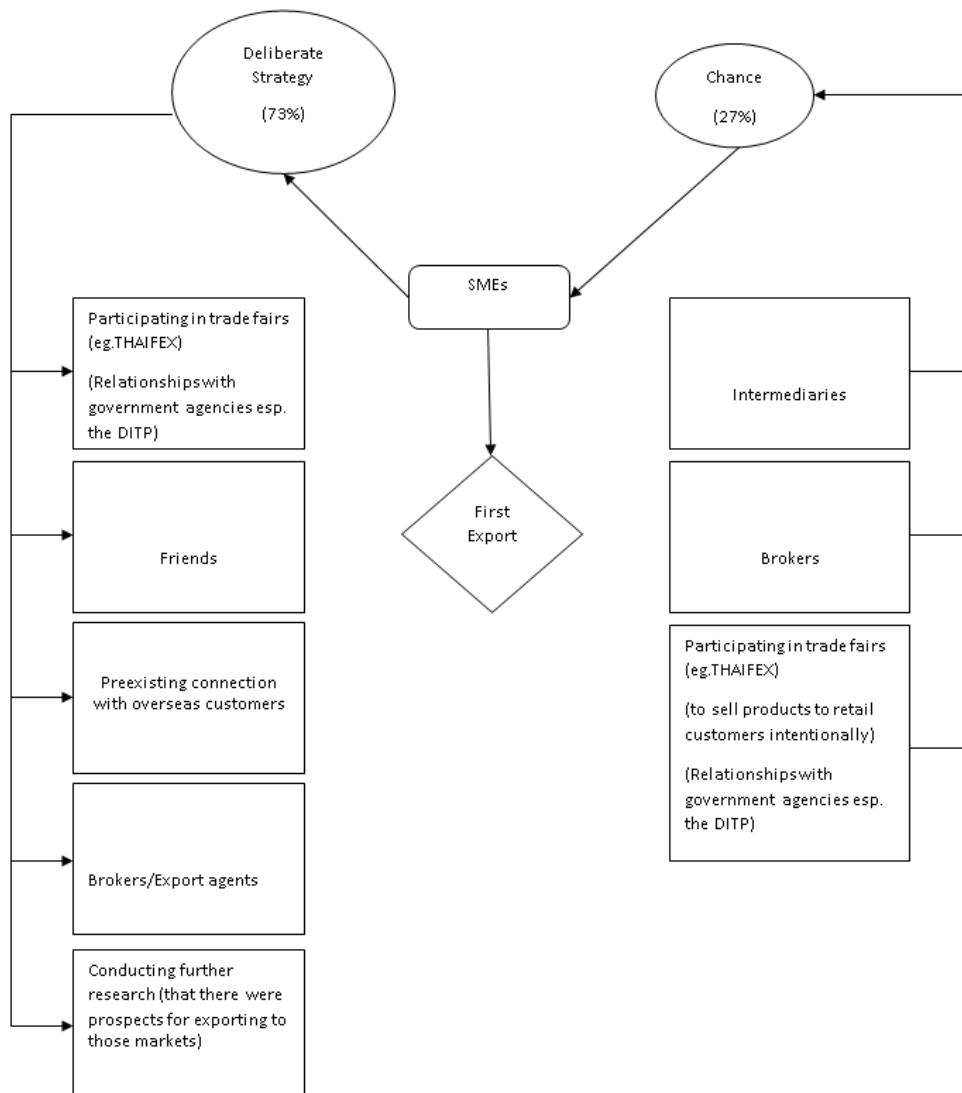
Both formal and informal interorganisational networks are significant for these having a deliberate strategy. Those 11 firms could start their first export mainly by participating in government agencies' trade fairs especially THAIFEX-World of Food ASIA (formal networks) (4). Other 2 firms were assisted by broker and export agent in foreign market identification and exploitation. Only 1 interviewed company (case 7) did not indicate relationships with any other organisations in facilitating its first export but instead, the firm conducted further research that there were good prospects for exporting to those markets. In all but one case, firms deliberately set out to establish export markets. However, the main difference is that they chose different network partners to help them identify appropriate markets and establish contacts within those markets. In some cases this was formal, but in others the firms also used informal knowledge. Thus, the export decision was deliberate, but firms used different types of information and decision modes to arrive at it. This is consistent with previous research into the market entry decision, which showed that firms used a wide variety of decision modes and information to make market entry decisions rather than relying on a standard analysis or type of information (Child and Hsieh, 2014).

Those interorganisational networks also play an important role for all of the rest 4 case company which started their first export by chance. Intermediaries and broker, as well as participating in a government's trade fair (THAIFEX-World of Food ASIA) facilitated their foreign market identification and exploitation. 2 firms (cases 2 and 9) were approached by intermediaries while 1 firm (case 3) was introduced to a foreign importer by a Thai broker. On the other hand, another 1 firm (case 8) has established relationships with the DITP and participated in THAIFEX-World of Food ASIA (a trade fair) to sell its products to retail customers intentionally but fortunately it met a Hong Kong importer there and started exporting.

From the findings, firms should not become too reliant on either formal or informal interorganisational network partners. This is because overreliance on existing networks can exacerbate performance problems within the firm (Zhang, 2010), for example by

blocking information from new network partners and movement of information from different networks (Portes, 1998; Uzzi, 1997). Networks themselves are expensive to maintain (Hansen, 1998), and in the case of sudden structural rearrangement can leave the firm vulnerable (Uzzi, 1997). Thus, it is a positive sign that under a generalised model of these roles, firms are drawing on different partners in both formal and informal networks. This makes it more likely that firm networks are robust and will not block out potential information and new partners that could be useful for the firm. However, firms such as Firm 15, which list relatively few key network partners, could be more vulnerable to structural changes in their support networks, which could affect their performance capabilities in the long term.

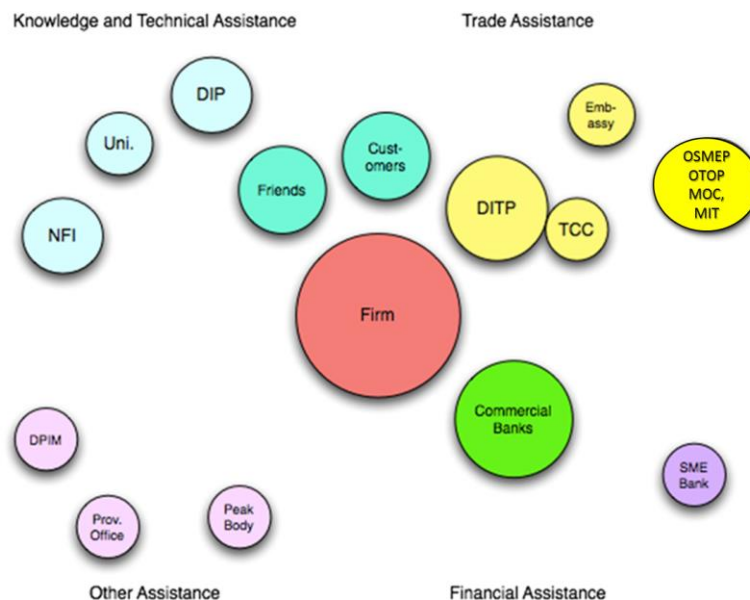
Figure 5.1 Role of Network Partners in Exporting



5.3.4 Firm Networks

Following the analysis above, Figure 5.2 shows the most common formal network partners. Partners that are closer to the firm are those that play more of a role in their export activities, while those that are further away have more distant relationships or provide limited support. Partners that are mentioned by more individuals are also represented by larger circles. This demonstrates that the most important partners are those involved in trade assistance (particularly the DITP, Thai Chamber of Commerce, and various organisations including the OSMEP, OTOP and Ministry of Commerce), and commercial banks. The area with the widest range of partners is the knowledge and technical assistance quadrant, where market and technical knowledge is gained from a wide range of different partners. Partners in the other assistance quadrant are typically more distant partners, such as peak trade bodies for different food products (the Thai Rice Exporters Association and Thai Rice Association), provincial offices and the DPIM. These partners typically offer only general assistance. Informal partners, including friends and customers, are on the boundary between knowledge and technical assistance and trade assistance, as in some cases these partners provided both market knowledge and means of entering a market. However, most other network partners had more clearly defined roles.

Figure 5.2 Generalised Partnership Network of SMEs



Source: Based on Table 5.12

5.3.5 Partner Roles in Identifying, and Entering and Selling in International Markets

From the above discussion it is clear that partners play a significant role in identifying, entering and selling in international markets. However, there are some shifts in the importance of organisations over time, as their activities shift and presumably as the firm's own internal knowledge about the markets grows. These shifts can be visualised, as shown below, demonstrating that government programmes become less important, and vertical partners (customers and suppliers) more important as time goes on.

Table 5.14 summarises the most important partners in each of these roles, as well as opinions on whether the firm could enter into and sell into other markets without the support of these partners. The responses to the question of which partners are the most important indicate that customers and the DITP are clearly the most important for both identifying, and entering and selling in foreign markets. The DITP was more likely to play a role during the initial stages of market entry (identifying foreign markets), by providing financial assistance for trade shows and information about foreign markets. However, customers were also an important source of support during this stage, because they provide information about markets, indicate interest in the firms' products and in some cases have approached the firm directly for trade relationships. Once the firm is established, customers become more important while the DITP becomes less important. During this stage, the interest shown by existing and new customers within the markets is instrumental in encouraging the firms to continue marketing. In some cases, traders were identified as most important. These network partners allow the firm to trade in the foreign market easily (for example by managing the import procedures for their market).

The final question about partners addressed in this section is whether the firms could enter and compete in foreign markets without the assistance they received. Of the firms that responded to this question, all of them felt that they would still be able to enter the export market without the assistance provided by their network partners. However, most of them felt that this would have been more difficult and more expensive than it was initially. For example, they might have much higher costs (due to lack of the DITP's export programme assistance) or have problems in accessing foreign markets. In other words, in most cases,

it may have proved too costly, even if firms could identify the required markets and information needed. This is one of the key points similar to the literature review.

Under the resource based view, the SME would struggle to enter foreign markets alone, because they are simply so resource constrained that they do not possess the financial resources, knowledge and human resources needed to identify and exploit these markets (Coviello and McAuley, 1999; Knight, 2000; Hollenstein, 2005). SMEs do not typically have the ability to identify markets or the planning capability to identify and enter international markets using their own resources, and in fact if they try there can be serious costs associated (Eriksson et al., 1997; Kenny, 2009). In fact, SMEs are typically highly dependent on their network partners during initial stages of internationalisation because of this resource constraint (Lindqvist, 1997), although over time they gain experience and can enter more new markets easily (Johanson and Mattson, 1988).

However, a few firms (Firms 6, 8 and 11) disagreed with this position. They also felt that they would be able to enter the export market and would not have difficulty. Firm 6 did not elaborate reasons for this position. Firm 8 noted that they had been approached by customers prior to their foreign market entry, and would have been able to use these customers to successfully enter the market. Firm 11 felt that export readiness, rather than government assistance, was the most critical issue in the market entry process. The only firm that entered via chance (Firm 9) had similar responses for key partners to other firms. Specifically, their key partners were customers for both identifying, and entering and selling in foreign markets, and they felt that sustaining business without this would be difficult. This is very similar to other responses given.

Another possible divide is between born global and later stage firms. The main difference that is noticeable between these two groups is in the market identification stage. In identifying markets, born global firms relied heavily on the DITP (as well as commercial ambassadors) while the later stage firms' reliance on the DITP and intermediaries including customers, brokers and traders were not much different. This is likely that as born global firms started exporting within one year of their foundation, they have not established connections adequately with network members like customers, brokers and traders. The DITP therefore should be the most helpful organisations for them as sources

of information about foreign markets and facilitating contact through trade shows. On the other hand, customers/importing firms as well as traders/agents were much more important to success in the market entering and selling stage, while the roles of the DITP as well as other government bodies were less important. This situation was similar between both born global and later stage firms. Not many of the stage models of internationalisation have directly connected export stages with the importance of network partners, although there has been some research in this area (Coviello and Munro, 1997). These authors asserted that network relationships and choice of network partners influenced internationalisation choices (Coviello and Munro, 1997). This research has confirmed this position: firms with more established and broader networks were less reliant on any single partner, while those with smaller or newer networks were more constrained, and this influenced their choices.

Table 5.14 Key Partners in Identifying Markets, and Entering and Selling in Markets

Firm	Identifying Markets		Entering and Selling in Markets		Could the firm participate in the export market without this assistance?
	Key Partner	Assistance	Key Partner	Assistance	
Born Global					
1	DITP	Provided assistance with trade shows.	Customers	Sustain export business.	Yes, but it would be difficult.
2	Customers		Customers	Sustain export business.	
5	DITP External information sources	DITP provided information if it could not be found.	Customers	Sustain export business.	
6	DITP DFT	Provided trade show assistance.	Agents	Sustain export business.	Yes.

Firm	Identifying Markets		Entering and Selling in Markets		Could the firm participate in the export market without this assistance?
	Key Partner	Assistance	Key Partner	Assistance	
9	Customers	Showed interest in export.	Customers	Sustain export business.	Yes, but it would be very difficult.
11	DITP	Provided monetary assistance for trade fair participation.	Government agencies (DITP)	Continued support.	Yes, the most important factor was export readiness.
12	DITP Commercial ambassadors	Provided assistance for trade show participation and market information.	Importers	Sustain export business.	Yes, but it would cost a lot of money.
Later Stage					
3	DITP	Provided assistance with trade shows.	Customers	Sustain export business.	Yes, but government agencies helped save trade fair costs and lower market cost of entry.
4	Brokers DITP	Showed initial interest in firm exports. Provided assistance with trade shows.	Foreign importers	Sustain export business.	Yes, but it would be difficult to access foreign markets.
7	Customers	Initial contact.	Customers	Sustain export business.	Yes, but it would take a lot of work to do so.
8	Customers	Information sources.	Customers	Information sources.	Yes, customers contact the firm directly.
10	DITP	Provided trade show assistance.	DITP	Continued support.	Yes, but it would be difficult and expensive.
13	NA		NA		Yes
14	DITP Commercial ambassadors	Provided assistance for trade show participation	Traders and foreign entrepreneurs.	Sustain export business.	Yes, but assistance made it much easier.

		and market information.			
Firm	Identifying Markets		Entering and Selling in Markets		Could the firm participate in the export market without this assistance?
	Key Partner	Assistance	Key Partner	Assistance	
15	Traders DITP	Provided initial customer base. Provided assistance for trade show participation and market information.	Customers	Sustain export business.	Yes, but it would be very difficult.

5.3.5.1 Changes in Partner Significance Over Time

Using the information above, two radar charts (Figure 5.3) have been created in order to compare the key partners in the market identification stage and the market entering and selling stage. Comparing these charts shows two relevant factors. First, there are fewer key partners in the market entering and selling stage than in the market identification stage. Second, the importance of the DITP and other government agencies is much higher during the market identification stage than it is during the market entering and selling stage. While the majority of market identification key partners identified were government bodies especially the DITP (as well as DFT or the Thai Embassy's commercial ambassadors), customers and export brokers/traders were much less. In contrast, during the market entering and selling stage, customers/importing firms as well as traders/agents were much more critical to success, while the DITP faded in importance and other government agencies were eliminated entirely.

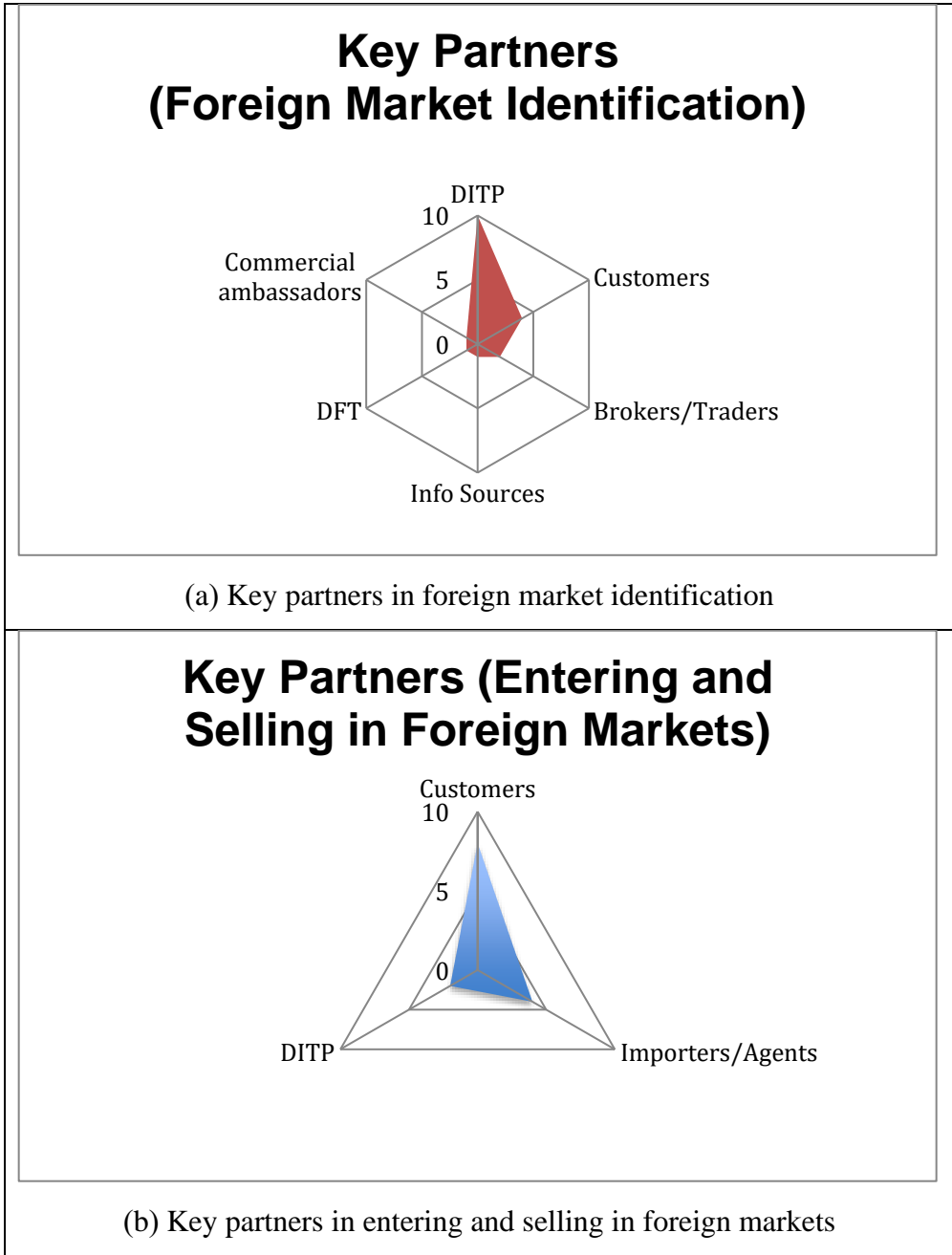
This suggests that government organisations are most required by SMEs during the market identification stage, when firms are beginning to export into new markets. Once the firms' export activities are established, it is more dependent on direct customers and intermediaries (importing firms in target markets and export brokers in Thailand). The changes in relationships with network partners are consistent with the literature, which suggests that government agencies and organisations are most important at the beginning

of internationalisation, when firms begin to make connections with partners in the international market (Welch et al., 1997; Spence, 2000).

Over time, however, firms begin to rely more on customers and suppliers (or other vertical network partners), who provide specific information about the market they are operating in and its demands, as well as on their own knowledge from the market (Chetty and Campbell-Hunt, 2003; Johansson and Mattsson, 1988). This helps the firm meet the needs of new customers within the export country (Barkema, et al., 1996). Thus, this shift in importance of different key partners is consistent with expectations, based on what is known about the evolution of business networks of exporting SMEs over time.

Reasons for the shift in reliance probably lie in the firm's own knowledge and competencies over time. As the interviews showed, at the beginning of exporting, firms did not have international contacts or customers and in some cases had little idea about the potential markets they could sell into. Educational programmes provided by government agencies including the DITP, OSMEP and so on, as well as universities, were also helpful as firms learned how to export. However, as firms increased their market presence and customer relationships and market knowledge and confidence, they relied less on government programmes as key partners. This does not indicate a failure of the government programme, despite the somewhat negative views of some of the firms; rather, it indicates that the programmes have been successful at enabling the firms to enter the market.

Figure 5.3 Comparison of Key Partners for Foreign Market Identification and Key Partners for Entering and Selling in Foreign Markets



5.4 Opinions on the Assistance and Support, and Trends of Agency Engagement

The final theme of the study was opinions on the assistance and support provided by network partners. Table 5.15 summarises the opinions of assistance and support provided, along with a review of any changes that happened between Phase I and Phase II. In

general, firms did not use Internet services of support agencies, often because the information was out-dated or irrelevant. Firms did use information found online, but this information came from other sources, and was generally found by their own research. Firms also did not view local government agencies as being useful, instead preferring to access central government agencies. When there was a significant relationship with local government agencies (as with Firms 7 and 9), this relationship was commonly focused on a single area, such as facilitating factory tours or assisting in local workforce development. For larger scale assistance, firms commonly went to national level programmes.

5.4.1 Importance of Different Partners and Changes Over Time

Figure 5.3 suggests a changing role of network over time. It is a common view that the DITP programmes and customers themselves are most important in first entering, then sustaining foreign market activities (Firms 1, 2, 3, 4, 5, 7, 8, 9, 12, 14, and 15). In general, firms noted that the DITP provided assistance with facilitating market entry, for example with trade shows and financial assistance. However, customers (as well as informal network partners like friends and family members) were viewed as more important for actually identifying potential markets and for sustained success within the market. There were also firms that disagreed with this general statement. For example, Firm 13 felt that government and non-governmental network partners including the DITP and OTOP were difficult to work with and out-dated, and did not offer anything useful for their market entry. This firm preferred to either work with private partners rather than government programmes.

During Phase II, many of the firms had experienced a change in business position, and this positional change also led to changes in the most significant network partners. Many of the firms were expanding and increasing their market presence in foreign markets. Others were entering further markets or engaging in new product development, although a few (such as Firm 8) had slowed or stalled export market development. As a result, the firm's key network partners tended to change between Phase I and Phase II. For example, Firm 1 had an increased number of network partners helping in product and market development in Phase II, compared to Phase I, where it was in the initial stages of market entry and the DITP and customers were playing critical roles. Similarly, Firm 7 also

increased its engagement with university programmes, which were assisting in research and development, as it undertook changes in its products and packaging. Several firms did not have a significant change in their opinion of assistance and support of network partners (Firms 4, 9, 10, 12, 14, and 15).

Other firms actually had a slightly more positive view of government assistance. For example, Firm 12 felt in Phase II that it could not successfully enter and exploit foreign markets without government programmes, which was a change from Phase I. In contrast, Firm 13 had moved even further away from government programmes and expressed even stronger negative opinions about them. There is little information about the generalised view of government programmes and their effectiveness for SME exporting/internationalisation; Moini's (1998) study on this topic in the US is discussed below. Moini's (1998) findings suggest that whether a programme is effective in general may not have a high influence on the opinions of the programme, particularly when there are mismatched expectations and information asymmetries that lead to an incorrect understanding on the part of the firm about what they are expected to receive. It should be noted that while many firms had poor opinions of trade shows, these were still the source of many of their initial customer contacts. This is an area that deserves further analysis in the literature.

In summary, during the initial research phase firms were likely to identify the DITP and customers as the most important network partners in learning how to enter foreign markets and identifying markets for entry. In Phase II, their activities and their key network partners had diversified, shifting to product development and a more intensive relationship with network partners such as universities. This led to a diversification of opinions on the relative importance of different network partners. However, except in a few cases the opinions were generally similar.

Table 5.15 Opinions of Assistance and Support of Network Partners

Firm	Phase I	Phase II	Position in Phase II
1	The DITP and customers were critical in entering and sustaining foreign markets.	Network partners assisted in product and market development.	Firm went from initial market entry to developing products, and significant partners changed.
2	Government supports most important at beginning, but did not help gain customers or enter further markets.	Network partner role diversified, but still did not offer assistance on customer or market contact.	Firm felt that it was in the position to identify, enter and exploit foreign markets without government assistance.
3	Government agencies such as the DITP reduced costs and helped with market research, but customer relationships were more significant for market entry.	Firm has increased involvement in the DITP, but continues to develop its own market.	The firm was in a position to identify markets without assistance.
4	It would be difficult to access international markets without government agency support, but the firm still had to do product development and manage customer relationships to be successful.	No significant change.	The company had expanded its use of government agencies, in order to access advanced training and supports for HR and other needs.
5	The firm felt its own market research and customer involvement was most important for successful market entry, though DITP offered some information and research.	The firm still viewed government agencies as a useful source of information but preferred to do its own market research.	The firm had little interaction with the DITP, though it had used their services in the past.
6	Felt that government agencies and agents were helpful and important.	While informal partners (friends, existing customers and agents) were seen as useful for identifying new markets, government agencies were seen as less important.	The firm had a reduced amount of interaction with the DITP and other agencies, only engaging for trade fairs.
7	Although government agencies provided useful topical assistance, customers were most important for identifying and entering new markets.	The firm engaged more with universities for R&D but did not take on more government supports.	The firm continued to develop its markets based on customer contacts, and did not engage for market entry with government agencies.
8	The DITP provided useful information on the legal issues of exporting, but provided only basic market	The DITP, customers and other relationships were important in market entry and development.	The firm had low levels of export market growth (only 0.5%). The respondent indicated the

	information. Customers provided far more information on markets as well as assisting in product development.		firm could not enter foreign markets without government and customer assistance.
Firm	Phase I	Phase II	Position in Phase II
9	Government agencies were helpful for understanding how to export, but customers and friends provided the impetus to export and provided information on markets and opportunities.	No significant changes.	The company had not entered into any new export agreements, but had increased amounts of support from government agencies.
10	The DITP was viewed as very important for identifying and entering markets.	No significant changes.	The company had not established any new network relationships in the intervening period.
11	Financial assistance of the DITP for trade shows was viewed as important, but the company had to be export ready before they could enter the market successfully. Financial assistance was the most important.	In a change from the first phase, the company stated they could not successfully enter the market without government assistance.	The company did not establish any new network relationships, although it was in the process of establishing a relationship with the SME Bank.
12	Network partners (customers, government agencies, suppliers, banks, and competitors) were viewed as beneficial for helping identifying market needs and entering markets.	No significant changes.	The firm had low participation in trade fairs due to limited budget.
13	Informal partners (customers, friends, and the Thai Food Cluster) were most important. The DITP and OTOP involvement was viewed as out-dated and unsuccessful. The firm sought private alternatives rather than engaging with government programmes.	The company expressed continued frustration with government agencies and moved further away from involvement with them. Education and information from programmes like the DITP were identified as being incorrect or out-dated, particularly information that was posted online. Informal partners and private financing were more important.	The firm continued to enter international markets with assistance of traders and customers, and actually cut down on or halted relationships with government partners.
14	Formal network partners were viewed as important for developing products and entering markets. However, some such as SME Bank	No significant changes.	The firm continued to expand engagement with network partners, including the MFA and

	and EXIM Bank were seen as inappropriate for the firm's need.		Thai embassies. It was still viewed as positive.
Firm	Phase I	Phase II	Position in Phase II
15	The firm viewed the DITP as highly positive, but did not engage with many other government agencies.	No significant changes.	The firm continued to engage with the DITP and customers, but did not establish any significant new relationships.

5.5 Comparison of Firm and Partner Views

Two network partners were interviewed for inclusion in this research. This offers the opportunity to compare the views of the network partner and the firm in terms of what kinds of assistance the network partner can offer. Table 5.16 compares the roles of the different network partners based on firm perceptions.

5.5.1 Differences in Perception of the Role of Network Partners

Analysis of the narrative texts suggests that there is some significant difference between the perceptions of the network partner and the firm in terms of their assistance. For example, the Government Organisation stated that they engage in active market research and offer training and information to food SMEs on potential markets and how these markets could be entered. However, a number of SMEs themselves indicated that they received initial market information from friends and customers, and government organisations had a limited role to play in developing their market preferences.

The Government Organisation also reported that they offered intensive training programmes designed to prepare firms for market entry. However, only one firm actually reported attending such a programme. Given the diversity and different institutional frameworks and situations, it is difficult to generalise the literature review's findings to this study. Moini (1998) studied the effectiveness of government assistance programmes for small firm exports specifically. This study examined small firms in Wisconsin (the US) and the effect of government programmes on this decision. The study found that there are dual information asymmetries associated with government programmes: firms are not aware of programmes available, and programmes available are not (necessarily) aware of firm export readiness and needs (Moini, 1998). As a result, there can be mismatching

expectations leading to unmet needs, either because the firm did not have a good understanding of the intention and resources of the programme or because the programme did not provide for the needs of the target firms. This is an area that could use additional research, particularly since the US and Thailand have very different approaches to government programmes. However, it is indicative that there could be some significant mismatches that do need to be resolved. It also indicates that Thailand is not alone in having inconsistent understandings of the programmes available and their goals.

5.5.2 Differences in Perception of the Value of Partner Assistance

A further gap is in the perception of the utility of international trade shows. The Government Organisation reported that its international trade shows and trips were highly beneficial for SMEs, and that SMEs had minimal costs resulting from these activities. However, the actual participants identified as taking part in these activities did not always have such a positive view. For example, Firm 2 reported that such an international trip to South Africa was not successful for the firm. While the costs were subsidised, there had not been any market research done, resulting in minimal interest from potential buyers. Furthermore, the non-disclosed three-month import quarantine led to spoilage of perishable samples. A similar occurrence at a Sydney trade show convinced at least this company that these trade shows were effective. This was not a universal perception; for example, Firm 1 had participated in government organisation-sponsored trade shows a number of times and had been successful. The gaps in perception were not always so strong, however. For example, while the Government Organisation noted their support for trade logos, none of the firms identified knowledge of them. Other gaps, such as lack of recognition of international connections to other network organisations, probably resulted from lack of direct knowledge of how the network partner provides services. This is not necessarily important from the perspective of how well the Government Organisation works for the firms.

There has been little academic research into this area of the effectiveness of government interventions for SME exporting. However, an OECD report has addressed SME entrepreneurial support policies in Thailand (OECD, 2013). The main programme evaluated was the Winning for ASEAN Market (WAM) campaign, which subsidised

international trade show entry. The report found that OSMEP guidance in new international markets and market entry preparation assisted 2,851 entrepreneurs in gaining international market entry knowledge. Additionally, 2,060 pairs of trade deals, accounting for 1,500 million baht, were identified (OECD, 2013). However, detailed analysis of these programmes is not yet available. This is an opportunity for future research.

Because of the diversity of non-governmental organisation partners used by firms, it is difficult to make such a direct comparison between them. However, the Non-profit Organisation did identify itself as having a more extensive role than the firms that used the services of similar organisations did, including roles directly in sales (such as aggregation of sales and logistics for smaller suppliers and contacts with foreign markets, as well as Halal certification and branding consultation). In contrast, the firms that did use such organisations viewed them as more of an information resource, drawing on their market research and knowledge in order to engage in their own activities.

In summary, network partners have a more extensive (and more positive) view of their contribution to SME export activities than the SMEs themselves do. This can be seen most clearly from the Government Organisation perspective, where the range and success of the network partner programmes offered to SMEs is much greater than the perceived offering from the SMEs. While it can also be seen in the Non-Profit Organisation, where there is a distinct gap between the offerings of the organisation and those used by the firms, this could be because the firms do not belong to the specific Non-Profit Organisation identified. It is unclear why this gap in perceived offerings exists. It is possible that there is a lack of communication and marketing from the organisations to firms, which could limit the firms' view of what the organisation offers. This is particularly true for the Non-profit Organisation, which does not advertise and whose members typically find out about it by word of mouth. However, it is also possible that firms themselves are limiting their involvement in the network partners' offerings, preferring to undertake their own activities. This is a potential opportunity for future research.

Table 5.16 Comparison of the Role of Network Partners according to Firms and Partners

	Network Partner View	Firm View
Government Organisation	<ul style="list-style-type: none"> • Trade show arrangement • Business partner matching and promotional visits to foreign markets • Financial assistance for trade shows (domestic and international) • Entrepreneurial training • Information about export policies and procedures • Trade logos (Thailand Brand and Prime Minister Award) • Annual training programmes • Interaction with international network partners 	<ul style="list-style-type: none"> • Trade show arrangement • Financial assistance for trade shows (domestic and international) • Market research (basic) • Entrepreneurial training (basic) • Information about export policies and procedures
Non-Profit Organisation	<ul style="list-style-type: none"> • Identifying markets • Coordinating activities (e.g. sales, logistics) to reduce costs • Training and development • Halal business consultants • Consultation on branding and process development 	<ul style="list-style-type: none"> • Market research • Knowledge exchange • Training

5.6 Summary and Conclusions

The aim of this chapter was two-fold. The first was to incorporate the case analyses using cross-case and thematic analysis, to draw out general trends and factors. Second, these general trends were analysed in line with the literature review. The goal of this activity

was to integrate and critique the existing literature, as well as identify areas for further improvement. This helps to meet the aim of the study by extending the specific descriptive findings to make a more general theoretical discourse.

This chapter has presented the cross-case analysis of the case studies that were described in Chapter Four. These findings are summarised in Table 5.17. The cross-case analysis demonstrated a number of distinct trends. First, firms could be clearly divided into those that show a “born global” pattern of exporting/internationalisation and those that used a slower learning approach leading to “later stage” exporting/internationalisation. The born global firms were typically smaller in terms of personnel and sales, and showed a high rate of export sales share. However, this distinction did not always make a difference in the firm’s strategies or operational issues and challenges. Export market entry and increasing market entry showed a number of impacts on the firm, including expanded workforce, changing production approaches and increased physical assets (expanded plant and equipment).

Table 5.17 Summary of Key Cross-Case Findings

Key Finding	Relevance to Research Questions
<p>Entering international markets (5.1.1):</p> <ul style="list-style-type: none"> • Firms were split between born global and later internationalising firms • Born global firms tended to have higher export sales share and turnover, but there was no direct relationship to firm size • Firms did not choose based on psychic distance, but on availability/existence of markets <p>The Exporting Decision (5.1.2):</p> <ul style="list-style-type: none"> • Firms had a mixture of opportunistic and planned export decisions • Opportunistic or planned export decision was not directly related to age of the firm, but older firms tended to use planned export strategies <p>Firms received substantive support from network partners (sales contacts, government agencies) in making export decisions</p> <p>Export Market-Domestic Market Relationships (5.1.3-5.1.4):</p> <ul style="list-style-type: none"> • Cases split between low exporters and high exporters • Low exporters use export to smooth production capacity and supplement sales during periods of low demand. • High exporters produce mainly for export, due to differing demand stimulus <p>Export involvement led to changes in production staff for a few firms, but was more likely to lead to changes in production facilities and resources or planning strategy. Increasing production capacity through investment in capital and labour was common.</p>	<p>These findings explain the differences and similarities between exporting firms and how the exporting decision emerged. The findings also pointed to the importance of network partners in identifying and implementing the export strategy (RQ1, RQ2).</p>

<p>Information Exchange and Payment Systems (5.2):</p> <ul style="list-style-type: none"> • Most firms used email and phone contacts, with occasional in-person contacts • Websites with company details were common • Firms did not commonly offer online payment, but only allowed for bank transfer <p>The most common change across the period was adding LINE, WhatsApp, or other online communication tools</p>	
<p>Formal Interorganisational Network Partners (5.3.1)</p> <ul style="list-style-type: none"> • Common partners included: vertical network partners (suppliers, customers, and intermediaries) and government agencies (DITP, DIP, and others). These partners offered trade assistance, knowledge and technical assistance, financial assistance, and other assistance. • There was little involvement from local or regional government partners. • Government financial partners (EXIM Bank, SME Bank) were available but were not preferred because of perceived difficulty and relatively poor terms compared to private finance. 	<p>These findings explained the different partners involved in firms' interorganisational networks (RQ1), including how frequently they were included and what types of partners were preferred.</p>
<p>Informal Interorganisational Network Partners (5.3.2):</p> <ul style="list-style-type: none"> • Included friends and family, individual customers and customer networks • Provided connections to customers and possible market opportunities 	

<p>Partnership networks (5.3.4)</p> <ul style="list-style-type: none"> • Include multiple institutions and individual members, both informal and formal • 	<p>This section explained how partnership networks were structured and provided a generic model of network partners (RQ1).</p>
<p>Partner Roles in Internationalisation (5.3.5)</p> <p>Partner roles could include:</p> <ul style="list-style-type: none"> • Trade show assistance • Market information • Showing interest in product (demand stimulus) and customer contact • Helping firms to identify target markets • Customer information provision 	<p>These findings identified the roles of international partners (RQ2) and how the partners could influence market identification and exploitation (RQ3).</p>
<p>Changes in partner significance over time (5.3.6, 5.4)</p> <p>As firms become more experienced:</p> <ul style="list-style-type: none"> • The number of network partners increases • The role of government partners (e.g. DITP) recedes, while existing customers and new customers provide more impetus for new market entry • Firm relies more on customers and suppliers • Firm also relies more on internal resources and knowledge gained through experience 	<p>These findings explained in part how partnerships may change in nature as firms gained competence in exporting over time (RQ4).</p>
<p>Difference in network partner and firm views (5.6)</p> <ul style="list-style-type: none"> • Government officials (formal network partners and non-profits) had a more expansive view of the value and breadth of their offer to firms than the firms did • Firms did not recognise the value of trade associations and logos, Halal certification, or training programmes 	<p>These findings demonstrated that formal partners like governments and non-profits may have different ideas about the value of their offerings to partner firms. This provides an opportunity for refining policies that relate to these offerings (RQ5).</p>

The firms shared other characteristics as well. For example, they usually had minimal online presence (primarily a website), and did not typically use Internet-based payments, although most did communicate through email. This is largely consistent with the literature on traditional firms under stage models like the U-model and I-model, but contradicts the born global model (Coviello and Munro, 1997; Du, 2003; Leonidou and Katsikeas, 1996; Sharma and Blomstermo, 2003; Johanson and Vahlne, 1977; Johanson and Vahlne, 1990). This suggests that the firms exported/internationalised along a spectrum, rather than firmly in one category or another. The importance of network activities is also contrary to most stage models, which focus on individual firms (Ruth, 2008).

Firms made diverse use of network supports and assistance. Many relied heavily on personal and informal contacts, although they also made use of government programmes such as trade show assistance from the DITP. However, many participants did not have a very high opinion of these supports, with the DITP programmes particularly being identified as being ineffective at bringing in contacts and trade deals. As a result, many of the participating firms indicated they no longer participated in government programmes, preferring to rely on their own connections. However, some firms continued to use these programmes, and a few showed a strongly positive attitude toward them. Thus, firm's choice of interorganisational network partners did vary. The importance of different network partners also varied over time, with firms requiring more support from the DITP and other government agencies when establishing their export operations. Over time, as firms began to sustain international market entry, customers and commercial intermediaries (importers and export brokers) became more important and government agencies became less important. Network partners' views indicate that they offer more programmes than the firms themselves identified, which could indicate a knowledge gap for the firms or inadequate marketing and communication about the programmes by the firm. This is supported by some literature, especially the findings of Moini (1998), who also found a significant gap between participant perceptions and the actual programmes offered by government agencies.

Along with cross-case analysis, comparison to the literature review was conducted for each of the key themes. The findings were largely consistent with the literature review. It found while later stage firms largely followed the Uppsala model, the firms that adopted a rapid export strategy were more consistent with the born global model than the I-model, as they did not have an extended (or even any) pre-export stage. The research also echoed critiques of the Uppsala model, including a partial rejection of the concept of psychic distance, which could be explained through globalisation activities. The research also confirmed the existing literature and its discussion of SME resources and their utilisation as well as the nature of interorganisational network partnerships and their role in experiential learning and firm exports. The combination of cross-case analysis and examination with the literature review allowed for identification of a model of exporting/internationalisation activities associated with the SMEs.

The contribution of this chapter to knowledge is that it highlights the actual decision processes and perceptions of SME managers and owners when making international market entry decision. It has highlighted general trends and conflicts in the decision process, the network partners and sources of information and knowledge firms have relied upon, and their perceptions of the quality of these partners and their utility to the exporting/internationalisation process. It has also explored the perception of the network relationships and partners to the firm's success within the market. The research has highlighted a number of challenges to existing models of internationalisation. These include not least the demonstration that born global firms in this industry are no more technologically enabled than later entering firms; that firms did rely to some extent on government programmes but at the same time tried to move beyond them; and that firms relied on customers, first and foremost, as sources of support in international markets. This lends nuance and explanation to existing literature on internationalisation of small firms, which has previously relied on stereotypical models derived from Western countries (Coviello and Munro, 1997; Du, 2003; Leonidou and Katsikeas, 1996; Sharma and Blomstermo, 2003; Johnson and Vahlne, 1977; Johnson and Vahlne, 1990). Of the main studies, only Du (2003), studying Chinese firms, had such complex results. The next chapter, Conclusion and Recommendations, summarises the findings and provides recommendations for policy and research.

CHAPTER SIX: CONCLUSIONS AND RECOMMENDATIONS

This thesis has sought to analyse the decision process and role of network relationships in SMEs' foreign market identification and exploitation in the Thai food industry from a variety of perspectives. In Chapter One, the stage was set for the study through discussion of the food and export industry and the SME environment in Thailand. This chapter also established the scope and objectives of the study. In Chapter Two, an extensive literature review was conducted, which identified existing theories and empirical research into SME exporting/internationalisation and reviewed the available evidence for Thai SMEs. This literature review showed that there were a number of research gaps, and that SME exporting/ internationalisation has in general been ignored in favour of MNE internationalisation.

In Chapter Three, the research methodology designed to conduct the primary research was explained. Chapters Four and Five presented the findings and analysis of the research. Chapter Four focused on single-case analysis of 15 firms and identification of themes. In Chapter Five, these findings, which were mainly descriptive, were further analysed and complicated through cross-case analysis and examination of key issues with the literature review. The goal of this chapter is to bring together these threads of the research and provide comprehensive answers to each of the research questions. Furthermore, the chapter reflects on the implications for research and the novel contribution of this study. It also provides recommendations for practice, such as government policy, based on these findings. The final two sections of the chapter reflect on the study's limitations and recommendations for future research.

6.1 Overview of Questions and Results

The aim of this research is to investigate the role of interorganisational networks in foreign market identification and exploitation by SMEs in the food industry in Thailand. To support these aims, several questions were established, including:

1. What are Thailand's interorganisational network structural characteristics in the food industry?

2. What roles do interorganisational networks play in Thai food SMEs' identification and exploitation of foreign markets?
3. How do Thai food SMEs' interorganisational network structural characteristics affect SMEs' foreign market identification and exploitation?
4. How does the relationship between Thai food SMEs and their interorganisational networks change according to their extent of exporting?
5. What are the implications of the research for the theories of networking in foreign market exploitation?

In order to explore these research questions, a qualitative longitudinal study of exporting SMEs in the food sector ($n = 15$) was conducted. The sample included seven small firms (<50 employees) and eight medium firms (50 to 200 employees). The firms produced a variety of products, ranging from basic products like rice and prepared fish to snacks, condiments, sauces and other prepared foods. Eight of the firms could be classified as “born global” firms, which began to export either immediately after their founding or within one year. The other seven firms were “later stage” firms, which took between four years and 21 years to enter international markets. The results were analysed using a combination of thematic analysis, cross-case comparison set against the academic literature and main theories (Chapter Two). In the following sections, the findings are summarised and a concluding answer to each of the questions is offered, except for the final question, which is answered in full in the next section.

6.1.1 Question 1: What are Thailand's interorganisational network structural characteristics in the food industry?

The first question that was explored was the structure of interorganisational networks in Thai SMEs in the food industry. The literature review suggested several different possible groups of network partners, including customers, strategic partners (or other firms acting with the SMEs), government agencies, universities and research organisations, industry organisations like cooperatives and trade organisations, and non- governmental organisations (NGOs) (Johanson and Vahlne, 1990; Fenwick and Cieri, 2004; Meyer and Skak, 2002; Ruth, 2008; Sydow and Windeler, 1998; Sousa and Bradley, 2009). Thus, there was a wide range of possible network partners that SMEs could draw upon. The literature review also suggested that network partners provided a range of different types of support and activities, such as technical assistance, advice and help with reaching customers and other partners and establishing relationships, and marketing, production, and distribution assistance (Granovetter, 1985; Provan, Fish and Sydow, 2007; Sydow and Windeler, 1998). However, there was a gap in the literature review regarding the empirical effects of network partners involving export assistance programmes and distributors (Sousa and Bradley, 2009), leading to an opportunity for further study.

Fieldwork interviews with the firms showed that the actual partners available to them were somewhat more limited. Network partners could be identified in four different groups or clusters, depending on their roles in the firm's network. These groups included trade assistance, knowledge and technical assistance, financial assistance, and other assistance. (The specifics of these roles are discussed below.) Within these groups, network partners that were critical for most or all of the firms, including the DITP, customers, and commercial banks. Many other government organisations, including OTOP, MOC, and MIT, were important in the network organisations of some firms, but not all. Similarly, organisations including DIP, NFI and FTI as well as universities provided knowledge assistance.

In addition to the formal network partners, many of the firms had informal partners and sources of knowledge and assistance that they relied on, especially for market identification. In several cases, firms relied on friends and family members as well as other

social contacts in order to identify market opportunities and unmet demands in international markets. In some cases, informal contacts provided more extensive assistance. For example, Firm 1's informal contacts helped them to establish the firm's initial export partnerships. It was common for firms to acknowledge that they may have been able to enter international markets without the assistance of their international partners, but it would be far more difficult.

In summary, the firms studied in this research had networks consisting of a number of financial supporters (especially commercial banks), government agencies, universities, customers and strategic partners, and informal partners such as friends and relatives. All of these partners provided different types of support for the firm. Furthermore, the firms acknowledged that these network partners were critical to their success in identifying, entering, and exploiting markets.

6.1.2 Question 2: What roles do interorganisational networks play in Thai food SMEs' identification and exploitation of foreign markets?

The second question of this research is what roles do these international network partners play in the identification and exploitation of foreign markets? This question is critical because internationalisation models typically only address the internal perspective on internationalisation, ignoring the network perspective (Coviello and Munro, 1997; Ruth, 2008; Sousa and Bradley, 2009). There were four key roles identified, which were Trade Assistance, Knowledge and Technical Assistance, Financial Assistance, and Other Assistance.

Partners involved in trade assistance included a range of different government agencies, including the DITP, MIT, OSMEP, OTOP, the Thai Chamber of Commerce, and the Thai Embassy commercial ambassadors. Additionally, customers and exporters or traders also played a role in the development of export networks. In most cases, though not all, the DITP, customers, and a small number of other government agencies were the main trade assistance partners.

The research showed an interesting finding regarding trade assistance partners. Specifically, the relationships between the firms and their trade assistance partners

changed over time as the firms gained export experience. In the early stages of export, the DITP was the most important partner, providing trade promotion assistance through trade fairs and road shows. These exhibitions were at least partly subsidised by the government, and facilitated meetings and trade negotiations between exporting firms and possible export partners. The interviewed exporters felt that the DITP was most effective at the start of their exporting activity, enabling initial customer contacts and partnerships. However, as firms gained experience and customer support in their export activities, the DITP became less important as a trade partner. This suggests that the primary role of the DITP is in teaching firms how to establish export markets. Once firms have learned how to establish customer contacts and enter markets, the role of the DITP becomes progressively less important. This finding is quite novel since the bulk of the literature has tended to take a “snapshot” view of the firms, rather than a longitudinal fieldwork approach. Furthermore, contrary to previous research (Sousa and Bradley, 2009) finance partners were found to be less important than technical assistance partners.

In contrast, customers, who help to establish the products in the market through their own distribution networks and even help to identify new markets and product innovations, become progressively more important for the firms. In some cases, firms had a very poor image of the DITP activities, which resulted from a combination of information asymmetries about what the agency was offering and a poor experience such as unsuccessful or poorly organised international trade visits. Thus, while all of the firms engaged with the DITP at least initially, not all of them continued the activity or engagement with the agency. This issue has not been explored previously in the literature, but is critical for understanding how and why firms may choose to engage with different government agencies and in identifying functional gaps within these policies and their implementation.

Knowledge and technical assistance is provided by a variety of formal and informal network partners. Perhaps surprisingly, a lot of initial market knowledge and information about market opportunities came from informal partners, including friends and relatives. Many informal partners were instrumental in identifying market opportunities and gathering information and knowledge to enable market targeting. However, there are also

formal partners in knowledge and technical assistance. Some of these partners include ATSME, the Department of Agriculture, DIP, FTI, NFI, and universities. Many firms made use of two or more such partners, who helped them develop product innovations, establish quality control systems and implement standards like HACCP and Halal Certification, and develop packaging and other systems to help meet the standards of different markets. These partners are particularly important for the small firms, which may not have adequate research and development resources to meet the demands of new markets. However, there are opportunities for more development of knowledge and technical assistance, especially in marketing development and aspects like certification and production capability. This falls into the area of technical assistance and knowledge transfer within networks (Farinda et al., 2009; Gurrieri and Petruzzellis, 2006).

The third role played by export partners is financial assistance, including funding and tax incentives to help firms afford export activities. Banks had a range of funding supports, but commercial banks were actually the most important source of funding. This was initially surprising because the BOI, EXIM Bank and SME Bank were established to fund activities like this. However, as the firms explained, funding through these sources was often slow and bureaucratic, and could actually be more expensive than through readily available commercial credit. This strongly suggests that funding opportunities for SMEs in exports require much better policies and support in order to be effective at meeting the firm's actual funding requirements. This is an important point because networks facilitate resource sharing (Lu and Beamish, 2001), and because finance shortages are a critical resource weakness of exporting/internationalising SMEs (OECD, 2009).

The fourth category of network partners ("Other") includes provincial business organisations and industry organisations such as the Thai Rice Association and the Thai Rice Exporter Association. These organisations were not included in the networks of most firms, and played a limited role in cases where they were included. In some cases, the assistance only included a directory listing or other possible opportunities for customer contact. Thus, this category of network partners may be considered the least involved in the firm's international market entry. This contrasts to other studies, which have found

local network partners to be a resource for internationalising SMEs (Gurrieri and Petruzzellis, 2006).

6.1.3 Question 3: How do Thai food SMEs' interorganisational network structural characteristics affect SMEs' foreign market identification and exploitation?

The third research question asked what effects the structural characteristics of the firm's interorganisational networks had on their foreign market identification and exploitation. While the firms obviously were at the centre of the export decision and activity, the network partners also played a significant role in development. Network partners are considered critical in the literature for firms seeking to export (Johanson and Vahlne, 1990), as they are an essential resource.

The findings of this research suggest that the firm's interorganisational networks and their foreign market identification and exploitation activities may be co-constituting, rather than exporting/internationalisation activities being directed by network partners. In the initial stages of exporting, when the firm is first identifying exporting as a possible strategy and determining which markets they should enter, network partners including the DITP and a few other government agencies provide knowledge and support for initial market entry. These supports include, for example, subsidised participation in international export shows and trade shows and seminars about exporting. However, once the firm has participated in the DITP activities and established a few network connections, partners including customers become much more important.

For some firms, partners that can assist in R&D are highly important because they help develop new products, processes and packaging to help exploit new markets. These partners help support the firms and make up for R&D resources that are not available due to the small size of the firms. Finally, some network partners are important because they provide assistance with technical aspects of production required for success in international markets, such as ISO 9001, HACCP, Halal, or other food safety and quality certifications. These certifications require extensive technical knowledge and process knowledge, and can be difficult for SMEs to gain on their own, which makes this assistance very important (Nghah, Zainuddin and Thurasamy, 2014; Taylor, 2001; Violaris, Bridges and Bridges, 2008).

One of the interesting aspects of this question is that there were actually few differences found in business practices or network relationships between born global firms and those that began exporting later in their business lifecycle. According to the literature review, born global firms (or new international firms) might have expected to have more advanced use of information technologies and more extensive networks that facilitated market entry or enabled the firms to reach a broader customer base. In practice, this was not the case – born global firms and later entrants had similar customer relationships, network relationships, and information technology use. Both groups remained only loosely involved in e-commerce, with most publishing a static information page or catalogue and handling customer inquiries in common. Thus, despite the literature on born global firms, it is clear that not all firms in this category have leveraged IT capabilities. Instead, these firms are characterised by higher levels of entrepreneur knowledge about international markets, including in some cases work experience in international markets. These firms may also be more likely to have informal contacts such as friends that help identify new markets. Thus, the firm's own resources are in some cases *the main factor* in promoting the international market entry. This is consistent with the internal stage models of internationalisation (Coviello and Munro, 1997; Leonidas and Katsikeas, 1996; Ruth, 2008).

6.1.4 Question 4: How does the relationship between Thai food SMEs and their interorganisational networks change according to their extent of exporting?

The fourth research question addressed the changing relationship between SMEs and their network partners. This was perhaps one of the most interesting aspects of the findings, and one of the aspects that is least common in the academic literature (see Ruth, 2008). The longitudinal nature of the research helped to demonstrate that the network partners relied on by the firms changed over time. In all but a few cases, especially where entrepreneurs had direct experience and knowledge of another market, the initial market knowledge and support for export came from informal partners such as friends and family or formal partners such as the DITP. In one exceptional case (Firm 9), exporting began following contacts from customers in the target markets of China and Vietnam, but this was not the usual process.

Instead, firms typically went through a learning period where they received support in understanding the needs of export markets and how to enter them. This period existed whether or not the firm was born global, although born global firms tended to have more information about international markets to start. Over time, as firms gained more confidence and knowledge of how to enter international markets, the DITP became less important and partners including customers and agencies and universities involved in R&D support became more important. This is because the firm's relationships with export customers deepened and these customers began to demand increased volume in some cases. In other cases, it is because the firm needed to adapt its products to meet the needs of a new market, for example using new preservation techniques, introducing stricter quality or safety certifications to meet market demands or export requirements, or designing packaging to meet the physical demands of export. At the same time, increased knowledge and a better understanding of the export process meant that firms could rely less on the DITP and other government supports.

The one area that does not appear to change significantly is the financial supports, which are commonly supplied from commercial banks regardless of the stage in the export lifecycle the firm is in. This is probably due to the structural problems identified with the alternative government sources of funding such as the EXIM Bank and SME Bank, which mean that these agencies do not meet the needs of exporting SMEs. Surprisingly, the change in network relationships over time is poorly reflected in the literature on network firms and SME exports. Thus, there are no theoretical models or explanations from these changes. The network learning model of internationalisation (e.g. Axelsson and Easton, 1992) could be extended to cover this area.

6.1.5 Question 5: What are the implications of the research for the theories of networking in foreign market exploitation?

This research has shown that the network relationships of the exporting SME in the food industry of Thailand are a critical factor in the firm's success. From the beginning of the firm's consideration of export as a market strategy and identification of possible markets for the firm's products, formal and informal network partners provide knowledge and resources the firm can use.

The precise route to exporting varied between firms suggesting that no single model of exporting was early relevant. Some firms started with the intention to export by entrepreneurs with international market experience, while other firms operated in the domestic market for some time before exploring exporting as a possibility to absorb excess capacity or expand sales. Some firms chose markets based on existing market knowledge, while others began the exporting process with no clear idea of what market they should enter. Some firms relied on friends and export partners for market information, while others used government agency resources to take part in trade shows and other activities designed to support newly exporting firms, like the DITP trade shows. However, in all cases, network partners were critical for identifying the possible markets where the firm's products might sell well and establishing initial contacts and customer relationships.

The research focused a dynamic relationship with partners over time. Firms began to move away from their initial network partners, with customers, export agencies, joint venture partners and other formal partners becoming more important in existing markets. At the same time, some firms (though not all) began to export into multiple markets, using the resources and knowledge gained during the initial export activities in order to successfully enter new markets. During this stage, other partners – especially those that could provide technical assistance like R&D assistance and certifications – became particularly important, as firms began to adapt their products to the new market. Thus, even as firms became increasingly confident with the export process, they continued to require the support of export partners.

Although longitudinal, this research took place over a limited period of time, and as a result, there is little information about the development of long-term relationships with network partners. However, the evidence from firms that have exported longer suggests that network partners will continue to be important. Firms can be expected to become increasingly integrated into customer networks and distribution networks, and to develop increasingly deep connections to their customers and other network partners. Over time, it is expected that firms will move away from some partners; for example, firms having implemented quality control systems and implemented production standards like HACCP will not require the high level of support from these network partners indefinitely. Thus,

the networks of the firms will continue to change and develop over time. This is consistent with a learning model of internationalisation, in which firms gradually gain knowledge and resources (Axelsson and Easton, 1992; Coviello and McAuley, 1999; Johanson and Vahlne, 1990).

In conclusion, the importance of network partners to SMEs in the food industry cannot be overstated, although it must also be balanced with the resources, capabilities and vision of the entrepreneur and firm. Network partners help the firm identify initial export opportunities, find customers, and implement processes, innovations and tools required to fully exploit the international market. Without these network partners, it would be difficult for the firms to export, especially given their limited resources. This provides support for the study of SMEs not just as single and limited organisations, but as open organisational systems interacting with other organisations and partners in the world around them.

6.2 Research Implications and Recommendations

6.2.1 Key Findings and Implications for Academic Research

The first implication of significance for this study is the generation of novel knowledge about SME exporting activities. There are several key points in that this study developed that could be considered to be novel. One of these key points is that firms that appear to be born global (and in fact are established as international new ventures deliberately by their owners) are not necessarily more technologically developed than existing firms that choose later market entry strategies. The view of born global firms in the academic literature is that these firms utilise advanced technology to leverage their limited capacity, typically in niche markets (Madsen and Servais, 1997; Sharma and Blomstermo, 2003). The born global firms in this study were serving niche markets, typically for premium products (like bird nests) or specialist products (like Thai condiments and cooking ingredients).

However, they did not show any evidence of more advanced technology use than the incumbent firms – in fact, all firms in this sector had a nearly identical use of information technology, which was relatively limited. Thus, this study suggests that the concept of the born global firm needs to be reconsidered, especially since it may not actually reflect the situation for many firms. However, neither did the firms' activities fully relate to the stage

models (Leonidas and Katsikeas, 1996), particularly to the Uppsala model of gradual development (Johanson and Vahlne, 1977; Johanson and Vahlne, 1990). Instead, the learning model of internationalisation seems most appropriate (Axelsson and Johanson, 1992). In particular, the born global firms tended to be bootstrapped by the entrepreneur's experience in international markets, which created an initial source of organisational knowledge that could then be expanded, while in more traditional firms this knowledge developed gradually. This research calls for a more fully developed model of internationalisation as a learning process, especially as a network-enabled interorganisational learning process rather than an internal process (Ruth, 2008).

Although some literature emphasises the importance of network partners (Coviello and Munro, 1997; Johanson and Vahlne, 1990; Ruth, 2008), a novel finding of this research is the progression and change of network partners over time. This research showed strongly that different network partners were important in different stages of the firm's exporting. A firm first entering an international market was not relying on the same partners that established firms engaged in market exploitation were engaged in. This is an insight that is not clear from the literature, which tends to take a cross-sectional snapshot view of international market entry through stage models (Leonidas and Katsikeas, 1996). This finding is interesting in itself, but it also suggests that there is still more work to be done in terms of developing a process model of the network firm.

Currently, the static system model is effective at explaining a particular time in the firm's lifecycle, but does not change over time. This suggests that further theorisation is required for developing the concept of the network firm and its interactions. It also points to a gap in the literature on SME exporting/internationalisation, which has limited input from learning contexts or changes. Instead, much of the research is focused on the first exporting/internationalisation without acknowledging exporting/internationalisation as a process of change over time. The research demonstrated that the export behaviour of small firms is not necessarily highly consistent with any particular existing model or theory of internationalisation. This could be due to the resource constraints of the small firm, which forces it to rely more heavily on resources shared by network partners than larger firms (Fenwick and Cieri, 2004; Meyer and Skak, 2002) or on social capital provided by these

network partners (Alter and Hage, 1993; Jones, Hesterly and Borgatti, 1997). Thus, as with the conflict with existing models, this calls for a new theory of exporting/internationalisation that is designed for small firms.

The key findings from the research can be understood as contributing to the academic literature in three dimensions: confirmation of existing theories, support for existing areas of research, and novel findings. Table 6.1 summarises these levels of contribution and the key findings that relate to these contributions.

Table 6.1 Contribution of Academic Contributions

Contribution Level	Related Findings
Confirmation of existing theories	<p>Confirmation of network theories of internationalisation, including the role of formal and informal network partners and the importance of government agencies in the internationalisation of SMEs. (See Sections 5.1, 5.3, 5.4)</p> <p>Rejection of the Uppsala model (U-model) of internationalisation in favour of the learning model of internationalisation, especially regarding the importance of entrepreneur or key managerial experience in international markets.</p>
Contribution to new theory development	<p>Contributions to theories regarding ‘born global’ firms, including levels of technological development, use of opportunistic vs. planned internationalisation, and differences between born global and older firms in the internationalisation process. (Please see Section 5.1.)</p> <p>Support for further development of network internationalisation theories, especially in relation to how these networks influence the internationalisation decision and what resources network partners add. This information is particular to the Thai institutional context in some respects (especially government and non-profit partners) but could be extended in other dimensions (for example, vertical supply chain partners and informal partners). (Please see Sections 5.3, 5.4, 5.6)</p>
Novel findings	<p>Insight into the interaction of the firm’s own resources and knowledge and the contribution of network partners over time. To date, network partnerships have been envisioned as a static partnership model. In the cross-case analysis of this thesis, it was shown that the contribution of network partners change in importance over time: government partners becoming less important and vertical supply chain partners becoming more</p>

	important as the firm gains experience and knowledge. (Please see Sections 5.3.5, 5.4)
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In summary, this thesis has provided new evidence for foreign market exploitation of SMEs in Thailand from a network perspective. This evidence shows that SMEs do not necessarily follow the patterns of exporting/internationalisation of large Western firms. Instead, foreign market exploitation can be considered more of a spectrum of time-linked decisions and trade-offs between resources, which the firm supports by relying heavily on network partners (both informal and formal). Thus, in direct contrast to the existing stage models of internationalisation (Coviello and Munro, 1997; Ruth, 2008), foreign market exploitation within these firms may be gradual, but it may also be rapid or even instantaneous. It is driven not solely by internal resources and knowledge, but also by external resources and knowledge provided by network partners, including government agencies, banks, customers, friends and family, and even competitors. The most critical of these resources are knowledge (including market and technical knowledge) and social capital (relationships), which firms leverage in order to effectively enter markets. Furthermore, in direct contrast to the concept of psychological distance inherent in most stage models of internationalisation (Leonidou and Katsikeas, 1996), firms are driven by knowledge of existing market opportunities. As in Case 9 (birds nest exporters), *difference* from the domestic market, rather than *similarity*, may even be a driving factor. Thus, this research has contributed greatly to understanding exporting activities by Thai SMEs, and has also called into question the application of standard internationalisation models designed through observation of large Western companies to small companies.

6.2.2 Implications for Thai Government Policies

The final research question addressed how the findings of this research could be used to improve government regulations, programmes and offerings for exporting SMEs in the food industry of Thailand. In order to improve policies and regulations, the researcher reflected critically on the empirical findings, what they revealed about Thailand's exporting programmes, as well as draw out policy implications from the theoretical findings. These suggestions are intended to be implemented as part of a holistic revision of programme offerings for SME exporting/internationalisation.

As explained in previous chapters, there are extensive Thai government policies that address SME exporting and internationalisation activities in the agriculture industry. The OECD (2013), in a limited assessment of existing programmes, did point to some evidence for their effectiveness, including a relatively high number of firms taking part and slightly over 2,000 customer negotiations in the first year. However, that does not mean these programmes are flawless. In fact, the evidence presented in this thesis points to a number of potential problems with the policies and programmes. Hence, there is room for improvement to increase SME uptake and effectiveness in exporting/internationalisation.

The most obvious problem found was with programmes that were intended to provide financial support for the exporting firm, such as the EXIM Bank and SME Bank. The participating firms almost all avoided these finance sources, providing a variety of reasons for this avoidance. These reasons included that they were too expensive, too bureaucratic, too slow, or not designed for the needs of SMEs like them. Thus, these banks comprehensively failed to meet the requirements for funding of the SMEs. Instead, firms all relied on commercial banks. This finding was consistent with previous research, which also suggested that funding for SME exporting/internationalisation was often inconsistent. It is particularly important for SMEs to have funding because they often have limited financial resources, which means they may not be as flexible as larger firms (Terziovski, 2010; Tesfom and Lutz, 2006). Furthermore, government funding programmes in Thailand are known to be problematic from the perspective of SMEs, who often cannot take advantage of the programmes or may find these programmes are more expensive compared to alternatives (OECD, 2013).

At the same time, finance and funding sources are critical for SME internationalisation, providing not just immediate financial support but also long-term financial support for needs like physical capital investment and research and development (Hadjikhani and Ghauri, 2001; Welch and Wilkinson, 2004; Yiu, Lau and Bruton, 2007). Thus, the first recommendation of this study is that the Thai government needs to redesign its funding opportunities to better meet the needs of firms. For example, the government could redevelop its funding application process to be simpler and faster, providing SMEs with easier application processes and faster access to funding. It could also introduce

programmes designed to reduce costs and encourage firms to make long-term investments in product development and production capital. This would help add value to the government funding programmes beyond the commercial programmes, which are mainly designed to provide short-term operational funding.

Another problem relates to the DITP and related firms. While most firms were positive or neutral about the DITP, there were a few exceptions, which felt that the programmes were ineffective or useless. This is a relatively poorly explored area of the academic literature, but a previous study suggested that these perceptions can come from misaligned expectations resulting from information asymmetries (Moini, 1998). This is consistent with comparison to the network partner interviews, which suggested that the government programmes offered more opportunities than firms were aware of. This strongly suggests that government programmes such as those offered by the DITP should be more clearly explained and widely disseminated. This would help the firms participating in the export development programmes have a clearer idea what was available to them, and may help improve their expectations of how the programmes would work. There are also some lost opportunities that can be identified with other government programmes. For example, some of the case firms reported they did not take part in OTOP campaign, which is designed to promote small Thai firms and their products, because of the requirements and cost of the programme. Specifically, firms reported that OTOP campaign was not designed to serve firms that were as small as them. This suggests that there is a gap in programmes promoting SME products from Thailand. Development of a programme that provides not just trade show assistance, but extensive trade promotion and facilitation, would be a useful addition to the Thai government's supports for the exporting SMEs.

Finally, one of the most obvious trends in the SME's interaction with government programmes, intended to support their export activities, is that government support is heavily weighted to the beginning of the internationalisation process. Government supports are strong during the period when firms are identifying overseas markets and making initial contacts, through trade shows and other programmes, providing newly exporting firms many opportunities to market to customers. However, support drops off over the first few years of activity, with few government programmes devoted to

expanding or developing export markets. For example, firms may have to expand their production capacity, improve processes and products to appeal to new markets, and make changes to meet demands such as quality certification or phytosanitary rules in order to export to certain markets. To meet these needs, firms need resources like knowledge and financial resources. While there is some government support available during this period, firms more typically address these needs using their own resources or those of other partners, such as customers or university centres for product development. This means that there is substantial unmet need for continuing support services for SMEs, well beyond the period of initial market identification and customer pairing that is well supported by the DITP and other agencies.

In summary, this research points to a key contradiction in the current relationship between exporting SMEs and government network partners: while there is no doubt that exporting SMEs require the support of government agencies, especially those like the DITP that facilitate international contacts through trade shows and exhibitions, these programmes are found to be poorly designed when the needs of these users and potential users are considered. There are several improvements that can be made to government network partner policies and programmes that could raise their effectiveness in meeting the needs of their SME partners. The first improvement is that the programmes should be more accessible and easier to understand. This involves reducing the amount of paperwork and regulatory action required to comply with the programme's participation rules. This would immediately improve uptake by making it easier for firms to participate in the programmes. Increasing long-term support is also needed so that firms develop a relationship with government agencies and their support services, as they develop their international profile. This support must address not just market and customer identification needs, which are important at the beginning of the internationalisation process. Support also needs to address the ongoing financial and knowledge needs of firms that are expanding and meeting the demands of new customers and markets over time.

Currently, while the DITP offers support such as subsidised international trade show attendance, SMEs' capital investment financing needs are largely unmet. While some financing is available through the EXIM Bank and SME Bank, their terms are onerous

compared to private finance sources and their funds are limited. Thus, increasing the amount of long-term capital funding for improvements in production capacity and efficiency is key to developing long-term export capabilities, and should be a priority. Finally, the needs of very small exporting firms should be considered. As noted above, even programmes such as OTOP were designed for firms of a minimum size, which meant that some small firms are not be able to benefit from the programme. Developing programmes for small exporters that leverage shared resources would be effective in improving their ability to reach international markets.

6.3 Research Limitations

Although this research was extensive, like most studies it does have its limitations resulting from the scale and scope of the study. The most obvious limitation is that, as qualitative research, it cannot directly generalise to the population of interest with statistical confidence. However, since the goal of the research was *explanation* of network relationships for exporting SMEs, rather than description or generalisation of the regularity of relationships, this did not compromise the quality of the study. Some research limitations also exist within the study. One of these limitations was related to the availability of information. The research relied primarily on responses from a limited number of network partners and the firms themselves, and did not interview key partners such as customers. This limitation was required because the firms were very reluctant to release information about network partners. This is understandable from a competition standpoint. In particular, firms would not have wanted to accidentally disclose information to competitors about their pricing or other information. However, this does mean that the viewpoint of this study is somewhat limited. The number of firms in the study and the diversity of viewpoints were intended to limit the effect of this viewpoint limitation and prevent too much respondent bias, as may have occurred in a single-firm case study. However, it does mean that the empirical analysis of the study reflects the significance of the network organisation from one perspective.

6.4 Recommendations for Future Research

There are several opportunities for future research that have emerged from this study. One of the most obvious is that there is an opportunity for theory development in regard to the

network firm's lifecycle. In other words, how do the firm's network relationships change over time, and how do firms select network partners for the appropriate stage of life? This research did provide empirical evidence for such a lifecycle or process, and it also makes sense considering the role of the network in the firm's exporting/ internationalisation process. However, to date there is no formal theory that explains learning, change, and shifting network relationships from a network SME perspective. Another opportunity for further research is the source of attitudes about government programmes and/or other organisations for use in exporting/internationalisation or other SME business activities.

There is limited research in this area, which suggests that information asymmetries and misconceptions about the programmes offered may lie at the heart of these attitudes. This research has provided some evidence for this assumption, though this was not the main point of this research. Ultimately, it may be interesting to understand not just how firms feel about government supports, but "why". A final opportunity for further research, which has been discussed in more detail above, is refinement of the concept of the born global firm. Narrowing differences in technology and increasing SME exporting/internationalisation has challenged the idea that born global firms have superior IT capabilities compared to later entrants. However, there has not been theoretical or empirical research to explore this area. This would be a useful opportunity for further research.

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Appendices

Appendix 1: Interview Guides for SMEs

<p>Hello I am Suthinee Mongkol. Thank you for allowing me to come and see you. As I said on the phone I am interested in your business activities and especially if and how your networking with other organisations help businesses in exporting. Would it be possible to record our meeting in order to help me speed up the process and help me with my analysis afterwards? I would like you to know that our meeting is confidential and I will not be sharing any of the information on your business with anybody else. I will be interviewing 15 firms twice and my analysis will be general rather than on any specific business.</p>	<p>Hello I am Suthinee Mongkol. Thank you for allowing me to come and see you again for Phase II of the interview. We talked last time regarding your business activities and especially if and how your networking with other organisations help your business in exporting. At this stage, I would like to know how this changes according to the extent - the scale and spread- of exporting. Would it be possible to record our meeting again? As I mentioned earlier, I would like you to know that our meeting is confidential and I will not be sharing any of the information on your business with anybody else.</p>
Interview questions (Phase I)	Interview questions (Phase II)
<p>1. Could you tell me that your main products and services are?</p> <p>2. How many staff working in the business?</p> <p>3. How is your workforce structured?</p> <p>4. When was your business established?</p>	<p>1. Can I start by asking about your current export activities since we last met?</p> <p>2. What would you say is special about your goods/ services to make them attractive in overseas markets? Probe: Unique? Price? Quality?</p> <p>3. Have there been any changes to your website in the past year since I last met you?</p> <p>4. How do you connect with your overseas markets at the moment?</p>

<p>5. When did you start to sell to foreign markets? (such as non-Thailand)? - Please explain the circumstances which led to you starting to export.</p> <p>6. Was this a deliberate strategy to export? or was it by chance? Did the overseas importers come to you or did you approach them?</p> <p>7. Can you tell me how you went about first exporting? Where to? Why? And how did this develop to the markets?</p> <p>8. Do you have a website? Does this have -company details -sales order capabilities -payment capabilities</p> <p>9. How do you connect with your overseas markets? Do you have staff who go overseas to work with importers? or telephone? or email?</p> <p>10. What goods do you sell in foreign markets at the moment? What percentage of your turnover? Has this changed overtime? If yes, how? If no, why not?</p> <p>11. Has your export effort led to any change in your domestic activity?</p>	<p>Probe: Is this still the same? (e.g. internet sales? staff working with importers overseas? or telephone? or email?) How do you see this developing in the future?</p> <p>5. Overall, what percentage of your turnover now? Does this increase or decrease? How?</p> <p>6. Which organisations or groups (such as existing customers, friends, suppliers, competitors, private and public support agencies, alliance partners, universities, government bodies, industry associations and so on) have been involved in facilitating and developing your exporting over which foreign markets to approach and enter?</p> <p>7. Did you develop/build or link with any additional organisations and businesses in order to export? e.g. Export agency of Thailand government? Food Sector organisation?</p> <p>8. Did you develop any new agreements with other businesses in Thailand or overseas in order to facilitate your business transactions in foreign markets?</p> <p>9. Does your local community such as local government agencies/ agricultural/ transport organisations support you to exploit foreign markets? If yes: what support?</p> <p>10. Do you think you can identify and exploit foreign markets without any support from other organisations discussed above? Do you still confirm your answer?</p> <p>11. Do you mind telling me how many people now working in the business?</p>
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<p>12. Could I now ask you about your relations with other organisations in carrying out your exporting?</p> <p>13. Which organisations or groups (such as existing customers, friends, suppliers, competitors, private and public support agencies, alliance partners, universities, government bodies, industry associations and so on) have been involved in facilitating and developing your strategy over which foreign markets to approach and enter?</p> <p>14. Did you develop/build or link with other organisations and businesses in order to export? e.g. Export agency of Thailand government? Food Sector organisation?</p> <p>15. Did you develop any agreements with other businesses in Thailand or overseas in order to facilitate your business transactions in foreign markets?</p> <p>16. Do you find your relationships with these parties (e.g. customers, friends, suppliers, competitors, private and public support agencies, alliance partners, universities, government bodies, industry associations and so on) facilitate/reinforce your foreign market identification and exploitation?</p> <p>17. Does your local community support you to exploit foreign markets?</p> <p>18. Do you think you can identify and exploit foreign markets without any support from those parties?</p> <p>19. Of the above, which has been the most significant relationship when I) identifying foreign markets ii) entering and selling to this market?</p>	<p>12. Has exporting activity affected your staffing? If so, how? How many people in the business does your exporting activity require?</p> <p>13. Finally, what is the size of your business in terms of annual turnover (Baht)?</p>
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Appendix 2: Interview Guides for Network Organisations

<p>Hello I am Suthinee Mongkol. Thank you for allowing me to come and see you. As I said on the phone I am interested in how your organisation is involved in advising and helping businesses in exporting. I will be interviewing businesses as well as support organisations in order to get a rounded picture of the exporting process. Would it be possible to record our meeting in order to help me speed up the process and help me with my analysis afterwards? I would like you to know that our meeting is confidential and I will not be sharing any of the information on your business with anybody else.</p>	<p>Hello I am Suthinee Mongkol. Thank you for allowing me to come and see you again for Phase II of the interview. We talked last time regarding how your organisation is involved in advising and helping businesses in exporting. At this stage, I would like to know how this changes or is improved. Would it be possible to record our meeting again? As I mentioned earlier, I would like you to know that our meeting is confidential and I will not be sharing any of the information on your business with anybody else.</p>
Interview questions (Phase I)	Interview questions (Phase II)
<p>1. Could you tell me that your organisation's main objectives and activities are?</p> <p>2. What support do you provide to food SMEs to facilitate their foreign market identification and exploitation? How? e.g. development to meet international standards, brand development, training, finding markets, export procedure etc.</p> <p>3. Has the support changed overtime?</p>	<p>1. In your view, how have Thailand's food exporters been performing in the past year? - Why is that?</p> <p>2. How has the support you provide to food SMEs to facilitate their foreign market identification and exploitation changed in the past year? e.g. development to meet international standards, brand development, training, finding markets, export procedure, internet developments etc.</p> <p>3. Is the SMEs selection method to gain your support still the same? Are you oversubscribed in terms of the number of</p>

	SMEs wanting support? Do you have a database of companies or subscribe to an international database?
4. How do you select SMEs to gain your support?	4. Has there been any change in the scale of the support you provide to SMEs e.g. Baht spent; numbers of firms involved in etc.? If yes, how?
5. Do the food SMEs come to you or do you approach them?	5. Do you think your support is still effective at the moment? If yes, please provide any evidence or cases.
6. Do you have any information on the scale of the support you provide e.g. Baht spent; numbers of firms involved in etc.?	6. Do you think your support can be improved? How?
7. Do you think how effective your support is? - Probe: any evidence or cases?	7. How do you see your support to SMEs developing a) in terms of services? b) in terms of means of delivery? e.g. internet?
8. Do you think your support can be improved? How?	8. Do you cooperate with any foreign organisations at the moment? If so probe details
9. Do you cooperate with foreign organisations? If so details	9. Do you still confirm this benefits Thai businesses?
10. Does this benefit Thai businesses? How?	